

The Tories have sought to satirise New Labour but in doing so they may have set themselves a trap



Labour's spoof advertisement on a hoarding in Piccadilly Circus, London, yesterday represented part of its counter-offensive in the propaganda battle

PHOTOGRAPH: MARTIN GODWIN

Dorrell tests death leagues

David Brindle, Social Services Correspondent

HOSPITALS in England could be required to publish a range of clinical indicators of patient care — including death rates — as early as next year. Stephen Dorrell, the Health Secretary, said yesterday.

He was launching the third annual set of league tables ranking NHS trusts against Patient's Charter yardsticks, including waiting times, cancelled operations and use of day-case surgery.

The 1996 tables indicate a rapidly improving health service, with a 23 per cent increase since last year in trusts achieving maximum five-star ratings. But there is widespread criticism that the exercise says nothing about the quality of care.

Mr Dorrell disclosed that there were pilot studies on 12 clinical indicators which he was looking to introduce early next year. The pilots are testing measurement of: deaths of patients within a month of surgery; wound infection; length of hospital stay of stroke patients; recurrence of hernia after surgery; deaths in hospital of heart attack patients; adverse drug reactions; rates of re-operation among prostate patients; length of hospital stay and death rates among patients with fractured hips; frequency of D&C scrapes among women under 40; organ damage during surgery; blood clots during surgery; and damage to the central nervous system while under anaesthetics.

Publication of death rates and other clinical information was introduced last year in Scotland. Professor Sir Norman Browne, who chairs the joint consultants' committee, said the Scottish measures were too crude and difficult to interpret. Doctors would back an English version provided indicators were "clear, comparable and provide sound and meaningful data".

The 1996 league tables rate trusts' performance between one and five stars. Excluding new categories, 42 per cent are five-star, compared with 28 per cent in 1994.



the problems of the past must be meaningless to that vast swathe of voters and is particularly inapposite given a new, young leader who clearly does not share the extreme leftwing dogma of Labour's history.

Included, he has been both brave and efficient in sloughing off Labour's historic dogma. It does seem to hand Tony Blair a listful of trumps. It is hard to see why.

One of the purposes of all political advertising is to set the agenda, to force the opposition to fight on your ground and, historically, the Tories have been brilliant, as they were at the last election, in forcing Labour to fight on the battlefield that the Tories defined, namely taxation.

This time they have allowed Labour to define the agenda. The agenda has become the existence of New Labour and it does seem extraordinary for a battle commander deliberately to allow the enemy to choose the battlefield, but that is what they have done.

Winston Fletcher, chairman of Delaney, Fletcher, Bozell, and author of numerous books on advertising and political advertising

Whitehall farce that's limp at the wrist



Simon Hoggart

THE Conservative booklet *The Road to Ruin*, subtitled *New Labour's Real Manifesto*, has been described (by my colleague Michael White, at the press conference for its launch) as the worst political document since the 1983 Labour manifesto.

Quite so. It is meant to be a spoof manifesto, packed with deft satire, inserting the little of humour into the rib cage of New Labour.

But watching politicians try to be funny is usually like seeing a carhorse do dressage. It's embarrassing; you want to look away, you wish you were somewhere else.

And yet, the document is funny. It is tremendously, thunderously camp. It brings to mind the backstage bitching of *It Ain't Half Hot, Mum*.

They ought to read it out loud at Labour meetings, in appropriately fey, "Hello, I'm Julian and this is my friend Sandy" voices. For instance, on page 25, "One of the first acts of Labour Government will be to end Britain's shameful opt-out from the social

chapter. We believe that for Britain to enjoy falling unemployment while unemployment rises across Europe could lead to unacceptable tensions, and we know what they lead to, don't we missus? Ooh, I can see you dot. And what have you been putting in the old man's tea?"

I have added to the original text there, but I feel I have been true to its spirit. Or take their brief summary of Labour policies on page 3. You have to remember that this is meant to be a biting lampoon: "A new stakeholder economy in which everyone (trade unions, pressure groups and so on) is included and no-one is excluded."

"New communities so that everyone is in bed by 10pm and not out shopping, as they are under the Tories."

"A New Europe in which Britain is really nice, and gets its way by agreeing to everyone else's suggestions."

Later, on page 21, "Labour policies will ensure that despite devolution, England and Wales continue to benefit from the experience of people like Gordon Brown, Gavin Strang and Donald Dewar. To make quite sure that these Scottish MPs don't lose touch with the rest of the UK, they will pay the lower English rate of tax..."

Ooh, get her! Put our knickers on the wrong way round this morning, did we? Or the mincing line which has whipped up the Labour Party into a cappuccino of fake anger, the one alleged to

be a tasteless attack on David Blunkett: "We think the provision of free eye tests to millionaires is a health priority." Whoops!

Sometimes we leave the backstage sniping at an all-male revue, and find ourselves in the playground of a girls' school, that theatre of vicious social combat. "New Labour also believes that a new vibrant Britain must give the people of the East Midlands a chance to realise their burning desire for a regional Parliament, which is exactly the kind of dorky thing you'd expect someone who wears a stupid brace on her teeth like Sophie Pettigrew would say!"

Appropriately, I have just received a letter from Michael Fabricant MP, taking issue with yesterday's sketch. "It was not some 'old Labourite' who shouted out 'Boogie on, Ginn!' It was me. Besides, the exact words were 'Boogie on Reggae Woman'. (You're too young to remember the words.)"

Au contraire, Michael old horse. Who could forget Steve Winder's great 1975 hit, which peaked at number 12 in the UK charts?

He finishes with a complaint about my last lines, in which I suggested that — of hanging, flogging and disembowelling — he would regard only the first as a punishment, the other two as rewards. "And as for the final para, well?"

I felt the tone of that sentence would fit perfectly into *The Road to Ruin*.

Bumpy ride

Extracts from the Conservative document *The Road to Ruin: New Labour's Real Manifesto*

Gordon Brown puts it best when he says that New Labour accepts the growth of post-neo-classical endogenous growth theory and the symbiotic relationship between growth and investment in people and infrastructure.

Last year Labour came to an agreement with the trade unions in which we agreed an even better deal than we had with them in 1990s and 1970s — they voted for the new Clause 4 and we agreed to meet their vital employment rights demands. New Labour, New Social Contract.

Even though Tony Blair believes that proportional representation gives small parties disproportionate power, we will hold a referendum on electoral reform. This will preserve a united government by allowing Jack Cunningham and Robin Cook to vote one way, while Margaret Beckett and Jack Straw vote the other.

Taking low income children from Whitechapel and returning them to Hackney Downs where they belong would have turned around Hackney. Abolishing the assisted places scheme would also ensure that children are not forced to become public school cronyes by their parents' misjudgments.

We want to be sure councils help the community take a view on issues like social class barriers, the future of the information superhighway and preserving the integrity of nuclear free zones, although we would probably draw the line at allowing authorities to pursue independent foreign policies.

We are equally incensed about the Tory attack on benefit for asylum seekers. It is a measure of our civilisation that people from all around the world should be allowed to stay as long as they want in Britain at the taxpayers' expense.

Winston Fletcher finds the new Conservative campaign harks back to tried and trusted formula that depends on feel-good factor

THE Tories are returning to the tried and trusted theme of saying 'Don't take a risk — stick with what you know.' It is a different version of the classic Harold Macmillan slogan of 1963: 'Life's better with the Conservatives — don't let Labour ruin it.' It is the theme with which Margaret Thatcher went back to basics in the 1987 campaign, with a slogan created by Tim Bell: 'Britain is great again — don't let Labour wreck it.'

Fundamentally, any political party that's been out of power for a long time always ends up saying it's time for a change and any political party that's been in power for a long time says don't risk a change, especially if they believe that they can convince the electorate that things are pretty good as they are.

The underlying presumption of New Labour, New Danger must be that the Tories believe that over the course of the next four months the feel-good factor will surface and

take hold because there is no point in threatening the electorate with possible dangers, if the electorate already feels pretty thoroughly endangered by existing economic circumstances.

So it only makes sense if the voters are reasonably happy with their lives and they don't want to put them at risk. That is obviously a questionable hypothesis and so far, despite all the Tories' best efforts, the famous feel-good factor has proved remarkably elusive.

So the underlying theme is unoriginal. It is standard party thesis. The risky new twist is to admit that Labour has transformed itself into New Labour.

Manifestly accepts the reality that a large number of voters, indeed pretty well anyone under 40, hardly remembers old Labour, hardly remembers the last time there was a Labour government.

To constantly hark back to

Spoof Labour manifesto backfires on Tories

continued from page 1 while warning that Labour's instincts remained a threat because the speed of global change becomes ever faster.

Tory MPs, officials and advisors insisted that the initiative would have a long-term impact on the coming campaign. Not least they argue, it would make voters and the media question the meaning behind New Labour's "empty" rhetoric and make Mr Blair more wary about using it "to cover his lack of substantial policies."

Mr Blair, who coincidentally pushed his own statement through Labour's NEC yesterday, called the spoof "the greatest political retreat of modern times". He told the NEC: "The Conservatives

have clearly finally decided what their line of attack is. I happen to think it's the most foolish campaign they could possibly come up with."

"Their latest strategy confirms two things — that they hurt the country and that New Labour is real. Their strategy will now depend on two things — seeking to create an illusion of a mini-boom and turning their fire totally on Labour."

"They have £10 million to spend on what will be the most negative campaign any of us have ever seen. We have to do two things: offer a positive vision, which is where this document is so important, and ward off these attacks."

battle between hope and fear. Hope must defeat fear."

Dr Mawhinney took responsibility for yesterday's spoof, though the idea came from Euro-sceptic backbencher Iain Duncan-Smith and was honed under the supervision of Danny Finkelstein, the ex-SDP research chief.

Dr Mawhinney surprised reporters yesterday by insisting that Mr Blair could prove more dangerous than those favoured Tory bogymen Michael Foot and Tony Benn. Officials later likened the situation to the proverbial wolf in sheep's clothing, with Mr Blair as the wolf.

"This is a theme which will haunt Mr Blair every day until polling day," said Dr Mawhinney.

Tall stories from Ancient Mariner with a line in laughs

First night

Ken Campbell's Theatre Stories Royal Court

KEN CAMPBELL is the Ancient Mariner of British theatre. He may not have the long grey beard of Coleridge's original but he certainly has the "glittering eye" and the ability to spin a great tale. But where the poetic fabulist left his hearer a sadder and a wiser man, Campbell leaves his audience both happier and weak with laughter.

whereby, after the RSC's success with *Nicholas Nickleby*, he sent out letters to the great and good, purportedly from Trevor Nunn, announcing that it would in future become the Royal Dickens Company. Like all the great hoaxes, it had a frankish malice and just enough plausibility to hoodwink the gullible. But Ken Campbell also has the ability, through his stories, to summon up lost worlds. His account of playing the third act detective-inspector in 1960s rep thrillers ("Look for clues" was his scene-vanishing maxim) evokes an era of vanished art.

Even funnier is his account of playing Angus in a Method production of *Macbeth* and amazing the director by his researches and his conclusion that the character was "a smelly dwarf" rudely ignored by the surrounding throng. But Campbell is just as good when he strays outside the theatre and describes his experience in transcendental meditation. He tells how he was given his mantra — which he at first assumed was his mat — and became so obsessed with it that he repeated the magic word, *hooz*, all the way to and right through an interview with Giles Haverall at the Palace Theatre, Watford.

The hysterical first half had people crying into their interval drinks. The second half, with its account of the formation of the Science Fiction Theatre of Liverpool, is weirder if marginally less funny; though one particular unprintable story, involving an endorsement of the company for grant-getting purposes by our own Martin Walker, is a wonderful illustration of the gullibility of fund-giving bodies.

Campbell holds the stage for 2½ hours and proves you can make great theatre out of tall tales. It helps that, with his hairless dome, extravagant eyebrows and accosting snicker, he looks like a manic Iford gnome. But it is significant that his main props are a phallic Easton statue on one side and a Ken Dodd icon on the other. His act has both an anarchic rudeness and something of the other Ken's surreal whimsy.

This review appeared in later editions yesterday

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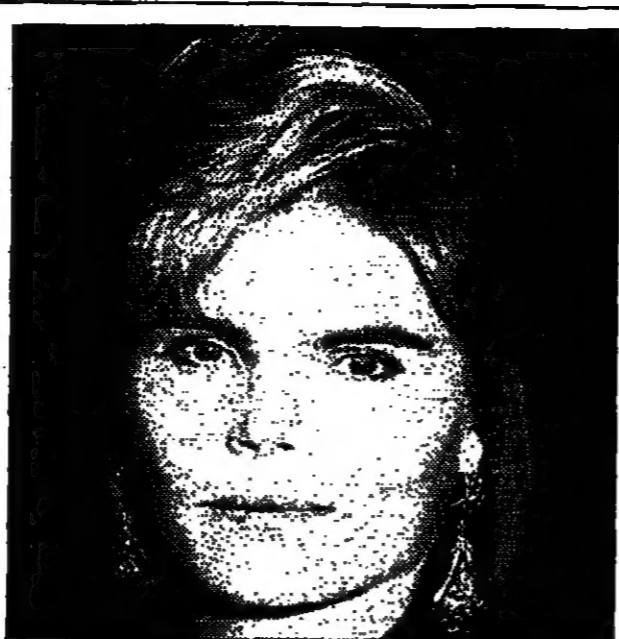
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Ernest Hemingway, left, and his brother Leicester, right, both shot themselves to death. The writer's surviving granddaughter, Marjorie, centre, has enjoyed a successful film career

Mystery over Hemingway death

Body of model Margaux found on anniversary of grandfather's shotgun suicide

Jan Katz in New York

A DARK new chapter was added to the Hemingway legend yesterday when the badly decomposed body of the model and actress Margaux Hemingway was discovered in her California apartment, on the eve of the anniversary of the shotgun suicide of her novelist grandfather.

A coroner's office spokesman said a preliminary investigation suggested that Ernest Hemingway's granddaughter had died of natural causes, most likely related to her history of epilepsy. But speculation that she may have committed suicide was fuelled by reports that she had been severely depressed.

A neighbour, Peter Osterlund, said Ms Hemingway, aged 41, looked "distressed and unhappy" when he saw her walking through Santa Monica on Saturday evening, two days before her body was found by friends.

Once the highest paid model in the world, the statuesque Ms Hemingway's less than stellar acting career slumped as she battled with alcoholism and bulimia. Last January she was admitted to a psychiatric hospital after shaving her head and announcing she could hear "voices".

Even if she did not deliberately take her life, Ms Hemingway's death will add to the self-destructive reputation of the Hemingway clan. Ernest and his brother, Leicester, both shot themselves to death. The novelist's sister and father also died by their own hands.

Ms Hemingway's grandfather once declared: "There are only two things that can really kill a man, suicide and gonorrhoea." The family has been cited in studies on whether a predisposition to suicide may be transmitted genetically across generations.



Margaux Hemingway, pictured in 1985, was once the world's highest paid model, but saw her film career eclipsed by that of her younger sister Marjorie

Ms Hemingway's agent, David Mitchell, said she had recently finished narrating a television wildlife series but seemed depressed. "Until we get this diagnostic report, we don't know if it was an epileptic seizure or if it was an overdose." An autopsy was scheduled for today.

"There is no sign of forced entry or foul play," said a Santa Monica police sergeant, Gary Gallinot. "We have no evidence of suicide, no note or anything like that. But we're not ruling it out." Police said no firearms or illegal drugs had been found in the apartment.

The body of Ms Hemingway, who lived much of her life in the shadow of her younger sister, Marjorie, was discovered after concerned friends visited her apartment. When she did not answer the door, a neighbour climbed a ladder and spotted her body, bloated by the 90-degree heat, through an upstairs window.

Ms Hemingway was a little girl when her grandfather, as famous for his prodigious drinking as his novels, killed himself with a shotgun at his home in Ketchikan, Alaska, on July 2, 1961. Six years later her family moved into the same home.

Standing 6ft tall and blessed with striking features and lustrous blonde hair, Ms Hemingway shot to prominence in 1975 when she was awarded a \$1 million contract to promote a line of Fabergé perfumes.

In 1976, she starred with Marjorie in *Lipstick*, a forgettable saga of a young model who is raped and later publicly humiliated during the trial of her attacker. She never managed to land another big screen role.

Her biggest gift to posterity may have been a California law, named in her honour, prohibiting the mention of a rape victim's sexual history during trial.

Obituary, page 10

cause Mr Zyuganov's supporters are believed to be disciplined, motivated, angry people who will vote for their candidate whatever happens. Much of Mr Yeltsin's constituency, on the other hand, is seen as a feckless two-hour-a-day population — have all the amenities and country cottages, or dachas. Many people depend on the food they grow there to eke out their salaries and pensions through the long Russian winter.

With the Yeltsin television campaign repeatedly linking Mr Zyuganov and the Communists to past food shortages — initially recalling empty shelves under Brezhnev, more recently showing grotesque footage of Stalinskera famine — it would be hardly surprising if the electorate rushed off to check its potato supply, instead of stepping into a polling booth.

Lashed power grab, page 7

A poll by the popular weekly newspaper for allotment owners, *Your 600 Square Metres*, shows that 40 per cent of people who are prepared to vote in principle will head to the country instead of today's weather is good.

Early July is when Russians comb the woods for wild strawberries, and the meadows for medicinal willow herb and St John's wort. For the allotment owner, it is a time to harvest parsley and dill and, crucially, earth up potatoes and stump out the larvae of the Colorado Beetle.

"The whole of Russia is now fighting against this," said Andrei Tumanov, the newspaper's editor. "It's not being done by pesticides, it's being done by hand. It's hard, heavy work, so everybody's off to attend to the potatoes."

Mr Tumanov will be leaving Moscow for his dacha instead of voting. But what about his civic duty?

"No," he said firmly. "I need to water my cucumbers."

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Clarke told to curb tax cut clamour

Simon Bewis
Industrial Editor

BANKERS and business leaders yesterday delivered an urgent plea to the Government to avoid squandering the most stable economic climate for a century by offering unjustified tax cuts as a pre-election bribe.

The call came at the British Chambers of Commerce, representing 200,000 businesses, opened its annual convention in Birmingham amid warnings that some sectors of the economy remained vulnerable, particularly manufacturing.

Robin Geldard, president of the BCC, said: "It is important that our politicians keep their heads. We do not wish to see economic prudence cast to the wind for the sake of political expediency, and we urge the Chancellor not to be seduced into a tax-cutting budget which we cannot afford."

His call was echoed by Sir Nicholas Goodison, the deputy chairman of the Lloyds TSB banking group, who said the need for economic stability could not be "overstressed". "Firms are in search of lasting gains from policy stability, rather than short-term incentives such as capital allowances," he said.

The warnings follow similar calls from the CBI director-general, Adair Turner, last week and reflect growing worries in the business community that ministers could be tempted to stoke up the emerging feel-good factor with a tax-cutting Budget in November. Although the Chancellor, Kenneth Clarke, has said that he will not jeopardise the economic recovery by tax-cutting, business leaders remain unconvinced.

Mr Geldard said that two years of steady economic growth were bearing fruit, with inflation, public borrowing and unemployment figures going in the right direction, even though manufacturing remained uncertain. But he said the forthcoming election threatened a period of political turbulence as politicians sought popularity and advantage. "I am saying, please don't do that."

A pre-election cut in income tax would not be justified by economic data. "It would do damage to what is probably the most stable economic environment for 100 years," he said.

He also warned ministers to tread carefully in reducing tax on businesses, urging them to reform and simplify the taxation system rather than to push through expedient cuts to win support. The Government is currently reviewing the tax burden on small business and has broadly hinted that it may exempt some firms — particularly shops and rural post offices — from the uniform business rate.

The Government found itself on the defensive over Europe as well, as business leaders branded the Government's opt-out from the Social Chapter a "red herring", and said Britain had no option but to remain in Europe and join a single currency.

Jürgen Gebrels, the chief executive of Siemens in Britain, said his company's decision to site a £1.1 billion microchip plant in north Tyneside had nothing to do with the opt-out from the Maastricht treaty. He also hit out at Tory Euro-sceptics who have been arguing for Britain to withdraw from the European Union.

"It is simply irresponsible to claim that there is a serious case for UK withdrawal from the EU. On the contrary, Britain will need the EU as much as the EU will need Britain."

Howard Davies, the deputy governor of the Bank of England, argued that whether Britain joined the European Monetary Union or not, it would be under increasing pressure to contain inflation. "In principle the UK could prosper outside or inside. Our prosperity depends on the competitiveness of our businesses which, in turn, depends crucially on our productivity across the whole economy. We believe that productivity can be developed most effectively in an environment of low inflation," Mr Davies said.

He urged businesses to prepare for EMU, irrespective of whether Britain took part or remained on the sidelines. Geoffrey Martin, the head of the European Commission in Britain, warned that Europe was likely to be part of an ugly and divisive election campaign.

Yeltsin in a cucumber pickle

Rush to tend allotments threatens president's hopes of poll victory

James Meek in Moscow

THE fateful decision on who will lead Russia into the next century could depend on sunshine, the Colorado beetle and a cult soap opera, as Boris Yeltsin's campaign machine struggles to prevent an exodus of voters from the city to the countryside during today's final round of the presidential election.

Analysts believe a high turnout is essential if Mr Yeltsin is to have any hope of defeating his communist rival, Gennady Zyuganov. But the government's decision to switch polling day from the usual Sunday to the middle of the week may simply have given allotment-obsessed Russians an extra day off to tend their vegetables.

In a desperate attempt to keep voters in the cities and close to their polling stations,

the slavishly pro-Yeltsin television channel, ORT is devoting almost all its morning airtime to a special three-part omnibus edition of the hugely popular Mexican soap opera, *Secret of Tropicana*.

The episodes, the last in a long series, have been heavily trailed with a breathless promise: "At last, you will find out the secret of Tropicana!"

Last-minute campaigning was officially banned yesterday, but the "for victory, do not dig" message was still being put out. *Izvestia* newspaper carried a front-page quote in large bold type from Mr Yeltsin's tough new security adviser, Alexander Lebed, urging people to drop their watering cans.

"You must go and vote, if only so that the next thing you dig in your allotment won't be trenches," General Lebed said.

Turnout today is crucial be-

cause Mr Zyuganov's supporters are believed to be disciplined, motivated, angry people who will vote for their candidate whatever happens. Much of Mr Yeltsin's constituency, on the other hand, is seen as a feckless two-hour-a-day population — have all the amenities and country cottages, or dachas. Many people depend on the food they grow there to eke out their salaries and pensions through the long Russian winter.

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Lashed power grab, page 7

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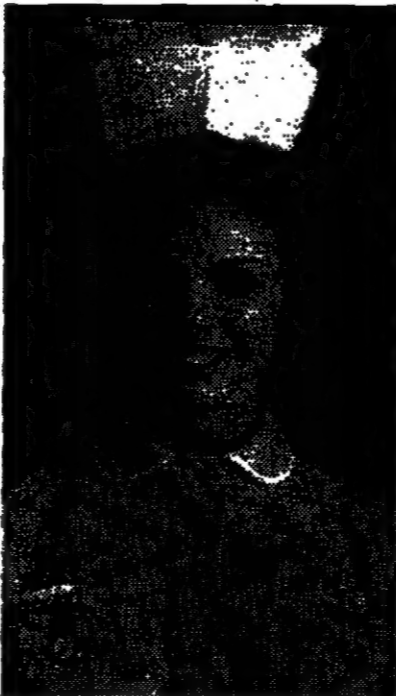
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Lashed power grab, page 7

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Voters in Scotland want to know about the ultimate package, particularly the financial arrangements. Even if there is a pre-legislative referendum there ought also to be a post-legislative referendum.

Tam Dalyell

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4 BRITAIN



King Tut's old ale on sale again for only £50 a bottle

Roger Protz of the Campaign for Real Ale has a taste

IT HAS a fruity, spicy aroma with a powerful waft of coffee. It is aimed at connoisseurs and collectors, and it is more than 3,000 years old. It is the most expensive beer in Britain and was launched at an expensive store in London yesterday.



Harrods owner Mohammed al-Fayed at the launch of Tutankhamun ale, and Roger Protz (top left) examining the merchandise. PHOTOGRAPHS: MARTIN GOODWIN

It is an attempt to recreate the strong beer drunk by Egyptians 3,300 years ago. Only 1,000 bottles have been brewed by Scottish and Newcastle Breweries after six years' research by the company and the Egypt Exploration Society at Cambridge University.

Egyptians, Babylonians and Sumerians were great brewers and ale drinkers. Growing grain to make beer and bread turned them from nomads into settlers. But nobody knew what the ale tasted like.

Nefertiti at Armana, where her stepson Tutankhamun became pharaoh. Delwen Samuel, an archaeobotanist working on an ancient food analysis, was called in to study vessels from the brewery and from houses in the city.

nel found that the Egyptians brewed with malted wheat known as emmer. The National Institute for Agricultural Botany grew a batch, the first time emmer had been grown in Britain for some 2,000 years.

Scottish and Newcastle brewed a batch of beer and flavoured it with coriander and juniper, which were grown in ancient Egypt and were used to balance the sweetness of malt long before hops were discovered.

Labour executive follows Blair lead

Party leader wins through despite left's anger over neglected issues

Rebecca Smithers and Soomas Milne

THE multi-millionaire publisher Paul Hamlyn has funded more than half the cost of Labour's On the Road to the Manifesto exercise, it was revealed yesterday, as Tony Blair defied old leftwing criticism to gain support for the document from the party's ruling council.

for criticising wealthy donors to the Conservative Party, it has agreed to let the Labour-supporting publisher — who has used his wealth to bring opera to "the man in the street" — to stump up £500,000 of the £1 million marketing campaign.

members and the general public through television, CD-Roms and public meetings. In addition to the 10,000 word document, there will also be a mini-version, and a summary of the party's five main pledges, which will be sent to 2 million homes in key seats.

Dennis Skinner and Diane Abbott registered their disapproval about some policies, and the lack of any real chance to change "feeble" pledges. All NEC members had to hand their copies in at the end of the two hour meeting at the party's Walworth Road headquarters — except Mr Blair.

Labour is ready for the election and ready for government", in marked contrast to the Tories, whom he accused of conducting "a black war of lies and deceit". Ms Abbott said: "I voted against the document as it didn't say anything about full employment or jobs, and there was no specific commitment to tackling racism."

proposals to "tax the rich" or on a referendum on a single currency. Underlying union concern over the direction of Labour Party policy, a leading official of the public services union, Unison, sharply criticised Mr Blair's manifesto plans to peg public spending within budget limits set by the Conservatives.

Illegal tobacco sales 'should fund under-16s health drive'

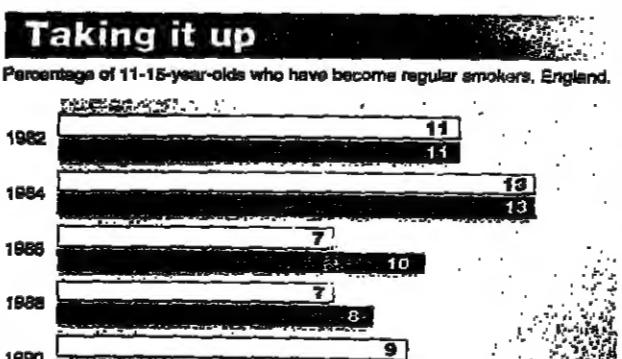
Chris Mihill Medical Correspondent

HEALTH groups and anti-smoking organisations yesterday called on the Government to reallocate the £108 million it receives every year from illegal cigarette sales to children under 16 to mount effective campaigns to stop young people smoking.

stopped and that among teenagers, particularly girls, smoking is increasing. Instead of the Treasury profiting from the ill health of children the money should be channelled to stop young people smoking.

were likely to become regular smokers. The report says around 17 million cigarettes a week are smoked by young people aged 11-15 in England, 850,000 in Wales and 1.5 million in Scotland.

economist from York university who contributed to the report, said the Government received £108 million in tax from illegal sales. This was 30 times the spending on anti-smoking campaigns for children in 1994, and 10 times more than the total budget for anti-smoking activities.



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CSA compensates couple for distress over paternity error

Alan Watkins

THE WIFE of a man wrongly accused by the Child Support Agency of fathering a child by another woman has been paid £2,000 damages by the agency for the distress caused.

In 1994 a CSA official telephoned Mr Entwistle and questioned him about a child he was said to have fathered, Mr Bowles said. Mr Entwistle pointed out that he had had a successful vasectomy in 1991, and the official appeared to accept his explanation.

four children. Mrs Entwistle became extremely distrustful of her husband and was so upset that she had to undergo psychiatric treatment over quite a long period. They had just about recovered from the situation after the phone call when their difficulties were compounded by the arrival of the court summons.

when I thought our marriage had been ruined," he said. Mr Bowles has been negotiating with the agency, which at first denied liability, for 18 months. This week it agreed to make the payment to Mrs Entwistle and a further £1,250 to her husband, plus costs.

News in brief

Fishermen demand cash for catch cuts

NORTH SEA fishermen's leaders last night demanded compensation after the European Commission used emergency powers to slash herring catches in an attempt to conserve stocks. The fishing industry has already been ordered to trim its fleet by 40 per cent because of depleted fish stocks. Scientists have revealed that mature herring in the North Sea are about half the minimum level to sustain normal fishing.

Drug blunder killed wife

A WOMAN died after she was injected with a lethal dose of painkillers when a doctor at a private hospital misread a colleague's writing, an inquest heard yesterday.

Gunman, 3, starts police alert

A THREE-YEAR-OLD boy caused a police alert when he was bought a toy gun to keep him quiet while shopping with his mother.

Tube strike today

LONDON Underground drivers stage a second strike today, with the prospect of increasing industrial action to come. London Transport expects around a third of Tube trains to be running despite the walkout by members of Aslef, but some lines are likely to be at a standstill.

Male rape research urged

RESEARCH to dispel the myths surrounding male rape was urged by academics and care workers yesterday. Studies have shown male rape is far more common than previously thought and may affect up to 3 per cent of men.

Pets set to ferret ahead

THE number of ferret fanciers in Britain is set to multiply because breeders have discovered six new strains of the animal in recent years, according to James McKay, owner of the National Ferret School, based in Chesterfield, Derbyshire.

New appeal over cell death

A RESTAURATEUR convicted after a retrial of kicking to death a fellow prisoner in a police station cell yesterday launched a renewed attempt to clear his name — and to establish that he was "framed" by police officers who were the real killers.

Cancer case doctors cleared

A SURGEON and a doctor who were said to have agreed not to tell a patient she was dying from breast cancer were yesterday cleared of serious professional misconduct.

As scientists and politicians try to agree internationally on addressing the greenhouse problem, there are men in suits making objections. Their perseverance shows the importance of their mission to preserve the short term interests of the fossil fuel lobby at all costs.

G2 page 10

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Low-key Webber hits note of cynicism

John Mullin sounds out Sir Andrew's latest musical in the West End

SOME folk thought thrice-married Sir Andrew Lloyd Webber must have tumbled out the wrong side of bed yesterday. Others, mindful of Martin Guerre, his knighted chum Cameron Macintosh's forthcoming West End attraction, reckoned Sir Andrew was suffering some sort of dual identity.

There were those who were more cynical. Perhaps, they suggested, Sir Andrew's gloomy predictions for the future of the glitzy musical were simply designed to entice the punters to his new effort. By Jeeves, which opened last night, with a handful of actors and a sparse set, it comes in the low-production category.

Sir Andrew, who is associated with the big musical beloved of busloads of tourists more than anyone else, picked up on Classic FM. He had been doing some sums. He had calculated worry.

"I was doing an equation on the back of an envelope yesterday - what would Cats have cost if it had opened in London this week? My best guess is that it would have cost £2.5 million.

Cats's original price in London was £500,000. "We were £15 top price with our tickets, with a lower VAT rate. Now if we had to open Cats today, to be able to keep pace and do the kind of production we did, if my calculation is right, we would be charging £7 a ticket."

Cats, which kicked off in 1981 with the critics scoffing, is now the world's longest running musical. It has grossed more than £1 billion worldwide. Sir Andrew, knighted in 1982, continued: "We are living in very parlous times for the future of

musicals at the moment, and it's going to become increasingly difficult because commercial theatre is disadvantaged now against subsidised theatre.

He frankly confessed his worry, and suggested Sir Cameron, whose £3.75 million production of Martin Guerre opens this month, was too. "The public simply expected too much these days.

Nick Allitt, executive producer of Cameron Macintosh, said: "I've got enormous respect for Sir Andrew's maths, but I'm not quite sure where he gets the figures from. Tickets for Martin Guerre are pegged at £32.50, and we hope to recoup our cost in about 40 weeks, playing to capacity. That's pretty normal these days.

"Our advance sales are about £2.5 million, and that compares with around £5 million for Miss Saigon seven years ago. But we are in different times, and people are not so keen to put down their money a year in advance.

"The danger to the musical is not so much in terms of costs. It is more about talent coming along. The big musicals of 10 years ago are still the big sellers today with the same people involved.

Andre Ptaszynski, behind the production of Peter Townshend's Tommy, wondered if this was the same Sir Andrew soon to bring back to London a revival of Jesus Christ Superstar, which was Sir Andrew's early big success.

He must have slipped out the wrong side of bed this morning. How can he say subsidised theatre is undermining the musical at all? Cameron Macintosh put on Les Miserables with the help of the RSC, and it's been a roaring success for 10 years.



Musical makers... Cats stars Ruthie Henshall and Steven Wayne (left), and Sarah Jane Hassell with Roger Allam in City of Angels



PHOTOGRAPHS: MICHAEL STEPHENS AND NEIL HIBBERT

Hit and miss on the London stage

CATS

Creators: Andrew Lloyd Webber and Cameron Macintosh.

Storyline: Men and women dress up as cats and sing along to T.S. Eliot's poetry.

Production costs: £500,000.

Return: £1 billion.

Opened: May 1981 at the New London Theatre.

Run: Surpassed A Chorus Line in January as the world's longest running musical with its 6,138th show.

Review: "An exhilarating piece of total theatre" - Michael Billington

CITY OF ANGELS

Creators: Cy Coleman and Larry Gubart.

Storyline: Broadway award-winning spoof on forties-style detectives and Hollywood.

Production costs: £2 million.

Losses: £2.5 million.

Opened: March 1993 at the Prince of Wales Theatre.

Run: Eight months, losing £20,000 a week. Review: "Too clever by half for the traditional West End audience for musicals" - Nicholas de Jongh, the Evening Standard.

Thinking small is recipe for survival

Michael Billington sees a way of dodging hard times for West End musical theatre

SIR ANDREW Lloyd Webber believes the musical is in financial trouble. But it is hard to shed too many tears when 18 West End theatres in London are occupied by the genre, when the commercial straight play is becoming rare and when many artists, producers and investors have grown seriously rich through musicals.

Let us concede that Lloyd Webber has a point: it can take £3 million to stage a big show, and it is often a year, assuming you have a hit, before you go into profit. But there is no law that says all musicals have to be on the mammoth scale of Starlight Express, The Phantom of the Opera or Miss Saigon.

Indeed Lloyd Webber told me only two weeks ago that he sensed the era of the big musical was coming to an end due to stark economic realities and shifts in public taste. Admittedly audiences are still flocking to the long-running spectacles by Lloyd Webber and Boublil-Schönberg (whose The Return of

Martin Guerre opens next week). But the runaway success of the modest-budget Salad Days at the Vaudeville is a straw in the wind, and the comparatively small-scale Lloyd Webber-Ayckbourn By Jeeves, which opened last night at the Duke of York's, may well be a similar hit.

In the 1950s and 1960s, musicals came in all shapes and sizes. If now the big shows are becoming prohibitively expensive to stage, one answer is to think small. "Is your helicopter really necessary?" might be a question that producers should ask of composers and lyricists. And, given the vast profits made out of many big musicals from Cats

onwards, those who have reaped the richest rewards should plough some of the money back into new shows to keep ticket prices down.

Undeniably there is a crisis in West End theatre. A straight play can cost £250,000 to stage. A string of recent flops is deterring producers, and there are legitimate fears that the threat of terrorism is making tourists think twice this year about visiting Britain.

But the hit musicals survive. And if the future of the genre looks precarious, the obvious answer is to remember that small is not only beautiful, it can be bountiful as well.

My son admitted killing child, father tells court

David Ward

THE father of the man accused of killing seven-year-old Sophie Hook told a jury yesterday his mind was in turmoil after his son confessed to the murder as they sat alone in a police cell. "I was hoping against hope that he was in no way connected," said Gerald Hughes at Chester crown court.

Howard Hughes, aged 51, from Colwyn Bay, north Wales, denies raping Sophie twice and strangling her before dumping her bruised and naked body in the sea at Llandudno on July 30 last year. His father, describing his visit to Llandudno police station on August 3, said that when he asked his son directly if he had committed the murder, he had replied: "Yes, dad, I did it."

He had told his son: "If I am to stay in this room, I want to know whether or not you committed this offence and I want some form of substantiation whether the answer is yes or no."

Hughes then admitted the crime without any prompt-

ing. Mr Hughes continued: "He said, 'You don't know what it is to be sexually frustrated'."

Mr Hughes said his son had told him he had gone on to a bridge path behind houses in Llandudno. "He said he had encountered some children playing in a back garden in a tent. He had asked one of them, a little girl, to come with him and she had refused. He then left."

"He said he returned in the early hours of the following morning - around 2am - and again went to the garden and this time persuaded the little girl to come with him and took her down the bridge path to the beach."

Mr Hughes asked if his son had sexually assaulted Sophie. "He said 'Yes I did'. I asked how he came to kill her." He added: "He said she was screaming and there were people about so he put his hand over her mouth to stop her screaming. He held it there so she stopped. In his words, 'She went 'ooof' and I knew then I had done it'."

Later Mr Hughes said his son, who had appeared surprisingly calm during his con-

fession, had remembered that Sophie had "exhaled or sighed, as he put it."

He had asked a police officer for a map so Hughes could show where he had buried Sophie's clothes into bushes.

He later left the police station. "I was in a turmoil mentally. I was trying to weigh up the situation as to what I should do." After calling a family conference, he returned to the police station to make a statement about the confession.

Patrick Harrington, QC, defending, suggested Hughes had not admitted the murder and had said only that he might be able to help with the search for Sophie's clothes.

Mr Hughes said: "You can suggest what you like but that is rubbish... My wish is that I had never seen him or tried to see him. I would not be here now if he hadn't said it."

He said his son had attended a number of schools, including one for children with behavioural problems, seen many psychiatrists, been committed to a mental hospital, and had once jumped out of a police station window. The trial continues today.

Pilot denies killing soldier in 'chicken' game

RAF crews and army ground personnel played a game of "chicken" with low-flying Hercules transport aircraft, a court heard yesterday.

The pilots in a special unit developed a practice of making very low level passes above ground crew recovering dropped equipment. The ground crew responded by waving, cheering and sometimes dropping to the ground to avoid the wash of the aircraft.

But the "bit of fun" marking the end of one successful drop exercise led to the death of a soldier, who was struck and killed by a Hercules, Bristol crown court heard.

Private Christopher Game, aged 22, from Poole, in Dorset, was standing on the roof of his recovery truck when he was hit on the head by the rear ramp of the Hercules, travelling at around 140mph and between 12ft and 14ft from the ground, the court heard.

The Hercules pilot, Squadron Leader Michael Morrison, aged 43, a former test pilot, denies manslaughter. He is accused of killing Pte Game on the afternoon of August 4, 1984, through his criminal negligence, while he was piloting the aircraft in an air drop exercise at the South Cerney military airfield, near Cirencester, Gloucestershire.

Mark Evans QC, prosecuting, claimed the pilot was aware that the soldier was in his flight path but he was "indifferent" to the risks he knew were involved.

The court heard Pte Game and Sqn Ldr Morrison, both stationed at Brize Norton, in Oxfordshire, were in an RAF and army unit called the Joint Air Transport Establishment, which tested and developed machinery and techniques for dropping equipment.

Mr Evans said that on the day of the exercise Pte Game and other drop some personnel had moved in to recover a crate of motorcycles dropped at around 400ft by Sqn Ldr Morrison's Hercules.

Normal practice would be to carry out a survey flight of the drop, but Mr Evans said a practice had developed of making an inspection run often at very low levels "for a bit of fun", which Sqn Ldr Morrison subsequently did.

Mr Evans maintained that for an inspection flight the aircraft should not have been flying low - and particularly not at 12-14ft.

"There was a game which involved a bit of bravado, a game that could be described as playing chicken," he said. "The prosecution say the path of the aircraft was deliberate."

The jury would hear evidence of how the Hercules flew at 70ft above the road

with Pte Game's lorry directly in its path. Witnesses would say the aircraft was "very low" over the airfield and some would tell how they ducked to avoid the wash. The aircraft's rear ramp was down and it struck Pte Game, causing "drastic injuries" from which he died.

Mr Evans claimed that Sqn Ldr Morrison, who was in charge of the manoeuvre, was "grossly negligent". As an experienced pilot he would have been aware of the risks involved, but was clearly "indifferent" to them, he said.

Bravado and excitement arose from the creation of that risk, he submitted. The trial continues today.

US tycoon's wife loses divorce court battle to increase her £8.8m payout

Alex Bellos

THE former wife of one of the world's richest men, who claimed her lifestyle required "an absolute minimum of many, many, many tens of millions", yesterday lost a legal challenge to increase her seven-figure divorce settlement.

Katrina Dart's solicitor said

after the Court of Appeal judgment: "This will mean a major cut in her lifestyle. Her private jet will have to go."

Mrs Dart married for 15 years to the United States' burger box tycoon, Robert Dart, failed to increase her divorce payout made at the High Court in April of £8.8 million and £5,000 a month maintenance for her two children. She faces an estimated

legal bill of £1.5 million. Her lawyers argued that she would have been awarded up to £200 million of her husband's £900 million fortune had she been divorced in the US, was rejected by three judges, headed by Lady Justice Butler-Sloss.

Mr and Mrs Dart, both 37, married in Michigan and lived there until 1988, when they moved to London as tax

exiles. Shortly afterwards Mr Dart renounced his US citizenship. The divorce settlement meant Mrs Dart lost two Ferraris and a Ferrari, and transferred 1,624 shares in the Dart Container Corporation to Mr Dart. In return she received the money, part of which was to allow for her occasional charter of a plane, a small second house, and special items of clothing.

Her solicitor, Margaret Bennett, said after the ruling she would continue the challenge in America.

Lord Justice Thorpe, giving the ruling, said in a "big money" case his function was to decide the boundary between the wife's "reasonable and unreasonable requirements". There was already provision for a fund to let Mrs Dart "indulge herself".

Her solicitor, Margaret Bennett, said after the ruling she would continue the challenge in America.

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News in brief

Mandela says Major is stalling on Nigeria

PRESIDENT Nelson Mandela of South Africa criticised John Major yesterday for stalling instead of taking a lead in applying international sanctions against Nigeria.

China warns HK press

A SENIOR Chinese official in Hong Kong told newspapers yesterday to write less about pro-democracy protesters and more about official Chinese stances.

Arizona bomb arrests rise

UNITED STATES federal authorities yesterday announced a further arrest over an alleged paramilitary plot to bomb government buildings in Arizona.

Lyon reactor breeds protest

A LEADING French physicist, Raymond Sené, protested yesterday against a report which gave the go-ahead for using the troubled Superphénix fast breeder reactor near Lyon for research.



Waterborne rescue... Four soldiers waded through floodwaters to evacuate a baby in Guiyang, capital of Guizhou province in south-west China, yesterday.

Trapped behind bars on Kabul's front line

Gerald Bourke visits traumatised war survivors at the Afghan capital's ravaged zoo, once a showcase of Asian wildlife

THE boisterous, ragged youths who prey on the animals in what is left of Kabul zoo prefer to hunt in packs. They swarm around the compound of a solitary Nouristani bear, poking the lethargic beast with long pointed sticks.

he dismisses suggestions that he be acted beyond the call of duty. "Mine wasn't the only life in danger. The animals were too. They were my most precious possessions."

Saudis assured law change will stop terrorists

RICHARD NORTON-TAYLOR and KATHY EVANS. MALCOLM RIFKIND, the Foreign Secretary, met members of the Saudi ruling family last night after signalling changes in Britain's refugee laws.

Anger at Clinton plan to privatise vetting of government employees

JONATHAN FROEDLAND in Washington. PRESIDENT Bill Clinton has angered Congress, civil libertarians and leaders of his own party with a plan to privatise the secret investigation of government employees.

Saudi royal family members are likely to be the militants' next target

Intelligence, and the interior minister. According to the American television station ABC, the Saudis threatened "unspecified civilian targets" if a group of 290 prisoners arrested in 1984 was not released.

US parent-killers given life terms

JONATHAN FROEDLAND in Washington. LOS ANGELES judge showed the link of the "abuse excuse" yesterday when he sentenced Lyle and Erik Menendez to life in prison without parole for killing their parents in 1989.

Inkatha retains rural support

DAVID BERESFORD in Johannesburg. THE Zulu leader, Chief Mangosuthu Buthelezi, suffered a setback in KwaZulu-Natal's first racial local government elections.



Figure of fun... A squid-shaped kite from New Zealand at the international kite festival in Jakarta, Indonesia, yesterday.

Israel strikes in Lebanon

ISRAELI warplanes blasted a Palestinian guerrilla base in eastern Lebanon yesterday, in a strike intended as retribution for an ambush in which three Israeli soldiers were killed last week.

Allies 'wait and see' in Turkey

NEITHER the European Union nor Nato has yet formally sent the customary diplomatic message of congratulations to Necmettin Erbakan, leader of the Islamist Welfare Party.

Handwritten Arabic text at the bottom of the page, possibly a signature or date.

Today Russians choose their president. David Hearst in Moscow reflects on the campaigns and weighs the candidates' chances

Lebed stakes his claim to power

AS THE ailing President Yeltsin prepared to cast his vote today in an election which he has described as make or break for Russia, his security adviser, General Alexander Lebed, was launching the first salvo in his battle to inherit his throne with a stinging attack on the prime minister.

Under the constitution, if Mr Yeltsin were to be declared too ill to carry on, it would be the prime minister, Viktor Chernomyrdin, who would take over presidential powers for three months.

The president stayed out of sight in a country residence yesterday as the officially controlled media tried desperately to stifle fears about the state of the 65-year-old's health on the eve of the election.

Mr Yeltsin was said by aides to be "working on documents."

A pre-recorded television broadcast to the nation on Monday, in which the president stared zombie-like at the camera, did nothing to dispel the fears for his well-being which have grown since he was dropped out of sight on June 28 and cancelled all engagements. He is said to be suffering from nothing more than the after-effects of a cold.

Without referring to Mr Chernomyrdin by name, Gen Lebed unleashed a withering attack on the oil and gas lobby, with which the prime minister is closely associated, accusing it of being a state within the state.

Gen Lebed said: "It has freedom, power and money. It has an international image and it provided for itself an overwhelming influence in all the regions of the country, in the government and in the president's entourage... You have to ask yourself whether it is not the state but the raw material capital that is really in charge."

Mr Chernomyrdin was to go, a large amount of Western confidence in Mr Yeltsin's reform programme would depart with him. He has kept the Russian government on a low inflationary course by keeping a tight rein on the money supply.

Meanwhile, Gen Lebed has claimed that he has more powers, and has listed all the country's problems — ecological and economic — which he said only he could solve.

"I don't want power for power's sake. I am not a monster... I am a human being," he said.

Without participating in today's vote, the paratrooper general could be the only person who stands to gain from it.



Flower power... An elderly woman in the southern Russian city of Krasnodar sells sunflower seeds in front of a Boris Yeltsin election poster. PHOTOGRAPHER VIKTOR KODRYATYEV

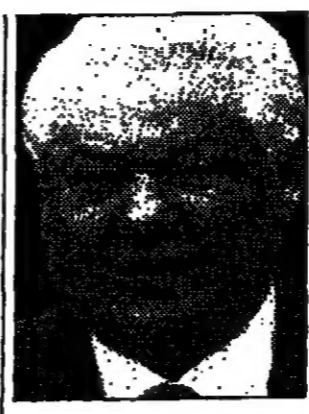
The devil the electorate knows

BORIS YELTSIN ended his campaign as he started it, his voice croaking with fatigue. But in the time between, the Russian president and his team of advisers constructed a towering edifice of a campaign, the success of which lay in turning a referendum on the last five torrid years of reform into a vote on Russia's future.

When the campaign began in February, Mr Yeltsin's personal rating was so low that few could have believed he would go on to win the support of one third of the electorate in the first round of voting.

To secure a second term today he will have to have succeeded in persuading millions of wavering Russians that their real interests lie in voting for the devil they know.

These undecided voters are people who, to a greater or lesser degree, share the opposition's disgust about the war in Chechnya, the loss of the empire, the flooding of Russia's fledgling market with cheap imports, the collapse of agriculture and industry, and the rise of the mafia.



Yeltsin's campaign

Only a minority of Mr Yeltsin's supporters are diehards who have kept faith in the president as a democrat since his first days in power. They acknowledge the mistakes, but attribute them to the bad boys around the czar, not the czar himself. Many will vote for him today will be people who in the past have registered

strong anti-Yeltsin votes. What is bringing them in from the cold is the fear of the unknown.

Each small businessman who owns his own flat and a couple of blocks fears what tomorrow may bring. He has already arranged his "roof" — the agency to whom he pays protection money — and he has paid his bribes to the array of local officials who feed off his profits.

He hates them, but at least he knows who they are. A new leader in the Kremlin would probably mean a new face in the town hall and new underlings after their cut.

Mr Yeltsin's message of stability means familiar faces with an interest in keeping things as they are.

But the protest part of the vote is still there. The alliance with former anti-Yeltsin voters is a temporary one. His vote has been blown up like a balloon, inflated by handouts, nationalism and anti-communism. Previous attempts to construct a presidential party, such as Russia's Choice or Our Home is Russia, collapsed after each election.

All Mr Yeltsin needs to do

is to get back in power, and then all bets are off. Each time he abandons one colleague to find another one. Such was the fate of Yegor Gaidar, the first radical democrat prime minister in 1993, and such might be the fate of Viktor Chernomyrdin, the current prime minister.

Since the first round of voting, in which Gennady Zyuganov came uncomfortably close to Mr Yeltsin, the president has welcomed General Alexander Lebed — and the votes he should bring — with open arms. The question now is whether Gen Lebed can be abandoned as easily as the others.

Each time the national security adviser opens his mouth, his brief gets wider. "National security" now includes control over the economy, the military industrial complex, agriculture, the price of raw materials, and even the price of a loaf of bread.

Russians are being told that a vote for the Yeltsin/Lebed ticket of experience and youth is the vote for the future. That future is a very uncertain one if Gen Lebed really comes to power.

Mild manners maketh the man

GENNADY Zyuganov's campaign has infuriated the pundits and defied the rules. It has been quiet, staid and conservative when everyone expected it to be raucous, angry and hungry for votes.

For most of the time the Communist leader has been content to preach to the converted. He holds the support of about 24 million voters, and conventional wisdom, so often proved wrong in Russian elections, dictates that he cannot get much more.

Only in the last two weeks has a press conference by Mr Zyuganov set the political agenda.

His offer to participate in a coalition government provoked up a rich flow of contradictory statements from clan chiefs around Mr Yeltsin.

But Mr Yeltsin's recent disappearance prompted a rare burst of aggression: Mr Zyuganov devoted his precious last five minutes of broadcast time on national television (to which he has been virtually barred access) to branding the president a Western lackey.

"He is in favour of [Russia]



Zyuganov's campaign

being a beggar state sitting in the ante-room of the G7 bath house," he said. "You will choose either a strong, powerful Russia or a colonial administration."

But Mr Zyuganov's tone has generally been soft, even defensive. Why? It has been said that his campaign has been an admission of defeat, and that he

never stood a chance of unseating a president who placed an iron clamp on all national television channels, and who had unlimited financial means at his disposal.

Certainly Mr Zyuganov was limited in how far he could stretch his own coalition of "national-patriots". From fire-breathing Stalinists who openly advocate the return of the gulag to moderate free market nationalists is no mean distance. To stretch too far into the centre would risk the loss of Viktor Anpilov, the Stalinist of Working Russia who won almost 5 per cent of the vote in the parliamentary elections in December.

Mr Zyuganov proceeded cautiously, and his mildness of tone suited the timid anti-communists on Mr Yeltsin's campaign team to redouble their efforts. But the more excited his opponents got, the more effectively Mr Zyuganov made his central point that the real extremists are already in power.

In talking about the need for compromise, Mr Zyuganov was prising open Mr Yeltsin's campaign team.

But the Communist campaign has produced one very

marked success: its manifesto. Who, for instance, said the following on Sunday?

"The work of the ministry of economics has to change substantially. It has to give priority to the federal and regional principle of planning. I consider the government must strengthen the state regulation of the economy. I am speaking about the basic branches, fuel and energy complexes, transport, machine building, defence industry and agriculture."

It was neither Mr Zyuganov nor General Lebed. These were the words of Boris Yeltsin, the original free marketeer himself.

All the main props of Mr Zyuganov's platform are now mainstream ideas, including constitutional changes to limit the powers of the president and have parliament choose the prime minister. The biggest advocate of this is Gen Lebed.

Even if he loses this election, Mr Zyuganov knows how close he is to putting his policies but his men in power. He will have fundamentally changed Russia's course. He may lose the battle, but win the war.

Spain on alert as Basque separatists end truce

Adela Gocech in Madrid

SPAIN is bracing itself for a fresh wave of Basque separatist violence after the guerrilla group ETA decided not to extend a week-long truce, shattering hopes of peace talks.

Security forces were on full alert yesterday as the interior minister, Jaime Mayor Oreja, warned that he expected a terrorist attack "in coming weeks". But he added that the government would continue its conciliatory approach and stand by a decision to release 32 selected ETA prisoners in late October to the Basque country.

The government announced the move, meeting a long-standing Basque demand, after ETA said it had implemented a week-long truce — a symbolic period given that its attacks take place infrequently.

Despite calls from peace groups, and opinion polls which suggested 90 per cent of Basques wanted the ceasefire to continue, ETA failed to extend it. It rejected the conditions put forward by Basque political parties, with the backing of central government, which included extending the ceasefire unconditionally and freeing a prison officer kidnapped last January.

The short-lived truce has been seen as an attempt by more moderate elements in ETA to test the new conservative Popular Party (PP) government in Madrid.

The PP, which advocated a tough anti-ETA line while in opposition, failed to achieve a majority in the general election last March, and was forced into a pact with Basque and Catalan nationalists. Strong co-operation has since been established between Madrid and the Basque regional administration, run by moderate nationalists.

"This is the first test of that alliance since the PP took office, and the democratic forces have come through

with flying colours, showing that a long time has never before," said one member of the Basque administration. "That, at least, is cause for optimism."

Those who have followed ETA's 25-year independence struggle, which has claimed 300 victims, say it was almost inevitable that its offer of talks would be stillborn. ETA is now controlled by a radical hardline faction far removed from the group's original separatist aims.

Although support for ETA's political wing, Herri Batasuna, is slipping, the party retained its two seats in the general election. Operationally, the group

remains well-equipped and morale in the police and paramilitary civil guard, after judicial investigations into the "dirty war" fought semi-officially in the 1980s.

"Given that the government reacted to the truce offer with the prisoners' concession, the controlling faction will want to send a message to supporters reaffirming its traditional position that ETA is engaged in a war with an intransigent opponent," one Basque source said.

The decision to relocate selected ETA prisoners to Basque jails, in contrast to the previous government's

policy of dispersing them in prisons throughout Spain, has been particularly well-received in the Basque country.

The last known direct negotiations between ETA and Madrid broke down in Algiers in 1993. The Socialist administration maintained informal contacts, but these were ended by the new government.

The prime minister, José María Aznar, who has stepped up police co-operation with France and diplomatic efforts to ensure ETA members cannot seek safe haven abroad, says any talks will have to take place openly after an unconditional ceasefire.

Athenian lovers get time to spoon

Helenia Smith in Athens

AFTER a break of 25 years, the Acropolis has been reopened to the public at night — but only on summer evenings when the moon is full.

"The moon contributes greatly to love," trilled the environment minister Costas Laliotis, who was among the 9,000 who climbed the heights above Athens on Monday night when the hill stayed open until 1am.

"There's no one who will come here and not feel erotic. If you stay a little longer it will make you feel quite Dionysian."

That is exactly why the army officers who governed Greece between 1967-74 lamched Operation Vulture, shutting down the Acropolis at night all year round in 1971.

Kos Panayiotopoulos, a guard, "My colleagues just couldn't get rid of them."

Today's ruling Socialists have decided they can live with this. To make the point, only the great slipper marble stairs that lead up to the fifth century BC edifice are being especially lit for visitors.

"I have dreamt of being up here on a romantic night like this since I was a teenager," said the culture minister, Stavros Niarchos, who took office six months ago. "I decided to open it up at the first opportunity."

"Even if it's covered in scaffolding, it just blows your mind," an Australian, Neil Francis, said above the strains of a string quartet playing Beethoven.

Karadzic to remain 'president'

Julian Borger in Pale

CARL BILDT, the international community's high representative in Bosnia, agreed yesterday that Radovan Karadzic could retain the title of "president" of Bosnian Serb territory, after receiving promises that the separatist leader would have no real power.

According to the deal with the Bosnian Serb leadership, another hardliner, Biljana Plavsic, will take over "presidential functions", but Mr Karadzic will stay on as the head of the Serb Democratic Party (SDS), which dominates politics in Republika Srpska (the Serb-held half of Bosnia).

The deal, which lifts the immediate threat of sanctions against the Bosnian Serbs, was greeted with scorn by Mr Bildt's critics, who described it as a climbdown.

Last week's G7 summit in Lyon demanded Mr Karadzic's removal from power and his delivery to the UN war crimes tribunal in The Hague to face charges.

John Pawcett, a US analyst at the International Crisis Group (an independent organisation monitoring the implementation of the peace agreement), said: "It's absolutely spineless. Every time we try to manoeuvre with the Serbs, we lose. We have the force here. We should just make him go."

Mr Karadzic scored another apparent victory yesterday when Mr Bildt overruled his own deputy, Michael Steiner, on the issue of SDS leadership. On Monday, Mr Steiner said the powerful role of party chief was a public function, so

— according to the Dayton agreement — indicted war criminals like Mr Karadzic were barred from holding the office.

Yesterday Mr Bildt insisted that the job was legally a private function and therefore not proscribed by the Dayton treaty. The issue has brought to the surface a personal rift between the Mr Bildt and Mr Steiner which several of their staff say is handicapping the work of the high representative's office.

Yesterday's agreement was bitterly criticised by the Bosnian government.

EU ruling opens doors to teachers

Julie Wolf in Brussels

THE European Court of Justice yesterday came to the aid of teachers, musicians and other EU citizens trying to get work abroad.

In three judgments, it ruled that Belgium, Greece and Luxembourg broke European laws by preventing non-nationals from holding public sector jobs in fields ranging from education to post and telecommunications.

The three countries will now have to change their legislation to end the restrictions. The court and the European Commission, which brought the three cases, are trying to promote freedom of movement for workers, a basic right under EU law.

The court's most controversial ruling in this field came last year when it forced football clubs to drop limits on the number of foreign players.

In yesterday's cases, it was Greece which barred non-nationals from the widest range of jobs. The ruling covered teaching posts at all levels; maritime, air, rail and local transport; civilian research; post and telecommunications; television, and even musicians at the Athens opera and regional orchestras.

Greece said it was proposing reforms and, in the case of

a German musician, offering an open-ended contract with the Athens opera. But the court rejected the Greek case, saying that a wide range of restrictions remained.

The ruling against Luxembourg involved access to state teaching jobs and posts in energy utilities and health care. In the case of Belgium, the court ordered an end to restrictions on foreigners in water, gas and electricity utilities.

The commission welcomed the judgments as a "significant step" towards freedom for EU citizens to work in other member states. A commission official predicted the rulings would have most impact on teachers.

Although the EU's founding treaties guarantee free movement of workers, they also provide an exemption for public sector workers. But in recent rulings, the court has said that only jobs involved in making public policy or safeguarding the interests of the state can be reserved for nationals. This does not include teaching or working in public utilities such as electricity and gas.

Yesterday's judgments were the result of a campaign begun in 1988 to force EU governments to drop nationality restrictions in nationalised companies and public services, such as transport and health care.

Bob Dylan and the Who are gigging in Hyde Park, the nation is convulsed by football fever and the Labour Party is led by a man who will happily perform three U-turns before breakfast if it wins him a few votes. Yup, the sixties are back.

Francis When G2 Page 5

Justice for the poor

Legal loans are no answer for the needy

THE SINGLE most serious criticism of the Government's legal aid scheme is simply put: why has it taken so long? Forty-seven years since the launch of the legal aid service, the system cries out for reform: eligibility has shrunk from 70 to 50 per cent of the population; unassisted litigants can be placed in an intolerable position faced by fully-assisted opponents; crucial areas of social need — social security, immigration, employment — have no help in legal representation; and worst of all, the lawyer-led, narrowly-focused scheme shuts out a wide variety of other agencies — arbitration, mediation and citizens' advice — which could achieve less costly and less acrimonious agreements. Civil justice in Britain has emerged with all the defects of the American health system: access restricted to either the very well-off or the very poor with an ever-widening band in between which has to do without.

By no means all these faults are corrected by yesterday's white paper. Indeed, some problems could be made worse. But there are several welcome features. Most welcome of all is the new emphasis on using mediation and citizens' advice bureaux with the aim of ensuring lawyers come at the end of the line rather than at the front. This switch will start with civil and family matters under which advice centres will be awarded exclusive contracts. Advice and assistance are often the entry points for many cases that go on to other categories of legal aid. Skilled mediation could resolve many disputes and pre-empt any need for expensive litigation. Even better, research suggests the process is much more effective than litigation in reducing conflict and hostility.

Then there are various moves, like the extension of "standard fees", which should introduce a long overdue down-

ward pressure on lawyers' fees. New "block contracts" might even persuade solicitors to tackle something even holier: wasteful double manning by barristers and the absurd level of QC fees. The Lord Chancellor is right to point to the huge increase in legal aid. This has doubled in five years and now stands at £1.4 billion. This rise has been driven by lawyers' costs, which have raced ahead of inflation. The Lord Chancellor will effectively be capping legal aid but in a world in which even health spending is capped and rationed, no rational policy-maker could object. The cap will force the system to look for more effective approaches. The new emphasis on alternative avenues should allow legal aid to help thousands more people at the same price.

Where the package falls short is in its failure to widen eligibility, extend legal representation to people using tribunals for their social needs, and its insistence on all claimants making a contribution. There is nothing wrong in principle with this last proposal but it has been pushed much too far. People are already declining legal aid because of the cost of contributions. Only last week a research study showed just how high current charges can be: a divorced mother with two children receiving £46-a-week in family credit was asked to pay £91-a-month in legal aid contributions. Now, if she lost, she would face even higher charges: possibly the full cost of her case and her opponent's legal costs too. Few people are going to take such risks. This is turning a legal aid system into a legal loan scheme. The Lord Chancellor only has to look at the Social Fund to see what a disaster-in-the-making this would be. A contributory principle does help weed out weak and undeserving cases but the current proposal — which even extends to a statutory claim on a litigant's house — is far too oppressive.

Smoothing the tracks to Riyadh

Mr Rifkind's double motives in seeking to change UN law

FLYING OFF to Saudi Arabia, Malcolm Rifkind has announced that Britain seeks to make an important change to the 1951 UN Convention on Refugees. The transparent intention is to smooth his way in Riyadh. The visit is designed, say those accompanying the foreign secretary, to end a chill in relations caused by the case of the Saudi dissident Mohammed al-Masari — who has successfully resisted efforts to deport him from Britain. The British plan, we are told, would not change Mr al-Masari's current status, but it "would affect future Masaris".

Adding a new instrument to a UN Convention is a serious business which would have to go before the General Assembly and then, if successful, be submitted for ratification. The British move shows no sign of being serious either in substance or in the casual way it has emerged. The idea is to stipulate that anyone who funds, advocates or supports terrorist activity should be denied the right of asylum. This wording is extremely loose: "advocacy" and "support" are almost impossible to define. It is the sort of proscription once found in laws of communist countries which made it a crime to "advocate" or "support" activities "against the state". It was used by them to suppress free speech and would have a similar effect now. But as the London-based Liberty has commented, the language is much too vague to have any chance of being added to an international convention.

The existing 1951 convention already

specifies (Article I, F, a-c) certain conditions under which its rights will not apply. These include the commission of crimes against peace, and of any acts "contrary to the purposes and principles of the UN". The convention also requires every refugee to conform to the laws and regulations of the host country. The UNHCR is as opposed to terrorism as any other body, but it takes the sensible view that the convention as it stands does not protect terrorism at all, and that it already offers plenty of scope for governments to take necessary action.

There is no sign that Mr Rifkind's proposal is based upon careful analysis of this kind. It was floated past the G7 summit at the weekend, where it served to show support for Bill Clinton's anti-terrorism crusade in the wake of last week's devastating bomb. Now it is being floated in Riyadh to bolster British trade and good relations with the House of Saud. Mr al-Masari has used ambiguous language in commenting on the attack in Dhahran, but if he were not a Saudi citizen talking about Saudi Arabia no one in government would be bothered by what he said.

Mr Rifkind's new proposal comes just one day after Peter Lilley's plan to curb asylum payments has been partly frustrated in the House of Lords. In both cases, there is a clear political motive — one domestic, the other external — in seeking to restrict the benefits of asylum. A principle of such importance deserves much better treatment.

Enter the new bulldog breed

Time to drop the Little England approach to the World Cup

BOUYED by the popular success of Euro 96, the English Football Association now wants to host the World Cup in 2006. A great idea? In principle, yes. But before the bandwagon becomes uncontrollable, how about considering a variation to the plan?

Last month the world football authorities awarded the 2002 World Cup jointly to Korea and Japan. Why doesn't the English FA now think creatively and emulate them with its own joint proposal? The English FA should investigate the practicalities of offering to host the World Cup jointly with Scotland, and perhaps even with the other football associations of the British Isles.

There is sporting sense behind this move, and civic and cultural wisdom too. The World Cup finals are now a 32 nation tournament. That means that the hosts need 16 top class stadiums. Some of the very best on these islands are in Glasgow, Edinburgh and Aber-

deen, so two groups could easily be accommodated in Scotland. An even more ambitious version would involve Wales and both parts of Ireland too.

Logistically, such an extended competition presents no problems. The stadiums are there, and the distances between centres are small. The commercial benefits for all participating cities are self-evident. And the wider gain to the culture of relationships within these islands would be enormous. Only two things are missing: agreement about how to deal with the problem of automatic qualification for host nations, and a genuine will to make a joint venture succeed.

Is this not exactly the role for Government? Rather than assuming that such an event should always go to England alone, why not seize the opportunity to spread the goodies more widely and as a practical means of bringing the peoples of these islands closer together?

NEW LABOUR NEW DANGER NUDE ANGER



Letters to the Editor

Building trust in the Balkans

THE myth that "the outside world can only play a limited part in reversing the ethnicisation of Bosnia" (Leader, July 1) needs to be dispelled. Many Bosnians of all ethnic groups acknowledge that the only way in which a fair and sustainable peace can be achieved is through the eventual re-establishment of a multi-ethnic society.

This cannot take place whilst world powers continue to breach their own resolutions in the UN Security Council and elsewhere, to ignore the provisions of the Dayton agreement, and to disregard those principles set out in the UN Charter to secure international order.

The arrest of those indicted for war crimes and crimes against humanity is a *sine qua non* for any meaningful peace in the Balkans. The trial and eventual conviction of Karadzic, Mladic and others would expose many of the truths behind this war and help convince Karadzic's current supporters in Republika Srpska that the genocide perpetrated in their name is not in their long-term best interests.

This is the only way in which ethnic boundaries will ultimately dissolve, to allow the environment necessary for mutual reconciliation and a return to ethnic co-existence. Carole Hodge, Research Fellow, Institute of Russian and East European Studies, University of Glasgow, 29 Bute Gardens, Glasgow, G12 8RS.

Fans 1, Blues 1

ELSA Murphy's letter (July 1) on police brutality in Trafalgar Square was another example of a fact that many people have known for some time: the football fans are an easy touch for the police. Witness the media circus prior to Euro 96 surrounding the dawn raids on "hooligans." Would this trial by television be tolerated if aimed at any other minority group?

On the day of the Manchester bombing, a friend of mine, a married man and a grandfather, was at Manchester Piccadilly station, travelling to watch the England v Scotland match. He was photographed, videoed, stopped and questioned by the police, of which he estimates there were two dozen on hand. Their comments later in the day regarding police priorities and use of resources, after they heard of the IRA bomb being parked for over two hours unnoticed, can best be imagined. Anthony David Jones, 9 Leitchford Street, Ashton-under-Lyne, Lancashire OL7 9DB.

WHAT Elsa Murphy fails to realise is that the police know in advance when and where to expect violence to occur and to what extent. This explains why they are in full riot gear. It is sheer fantasy that they come "looking for a fight." Eric A. Rose, 173 Linden Court, Brunswick Road, London W6 1AL.

It may be only rock 'n' roll, but we like it

WONDER if Caroline Sullivan, your reviewer of the Masters of Rock concert (Park Life, G2, July 1), ever liked Bob Dylan. Eric Clapton and The Who. Those who spent their teenage years loving this music, like myself, were overjoyed by such a fantastic concert. The setting, organisation, sound system, and the music itself, were first-class, if not the weather.

I never thought that I would be privileged to see

Tony, we just love you

THE claim that Tony Blair is a dictator (Blair 1) has been made about every party leader in history and has attracted press interest because the Government has no legislative programme to talk of and because Blair is doing so well that any detractor, no matter how irrelevant, can get on the front pages. Before The Road To The Manifesto is published there will be more headlines about his willingness to take tough decisions.

What should be remembered in this debate is that it was Blair who started it in every previous election, for all the major political parties, manifesto policy has been decided in a dark room by a group of senior officials. Now, for the first time, all Labour Party members will have a say about what programme is put to the country.

Blair has extended democracy. He will remain a strong leader and will not shrink from tough decisions. Those, like Paul Flynn, who seek to call him a "dictator", should consult their dictionary and consider their position. Ian Corfield, 21a Endlesham Road, London SW12 8JX.

UNDER Tony Blair's "authoritarian" leadership, the Wales Labour Party has nine representatives directly elected by Welsh conference delegates to sit on the national policy forum. 10,000 Welsh party members have voted on the new constitution and, for

the first time, our manifesto commitments will be subject to the approval not just of an NEC shadow cabinet committee, but of the party's national membership.

As a result, the programme and policies at the next election will more closely reflect the views of the people of Wales, and of Britain as a whole, than will those of any other political party. However difficult this process may have been for a small minority of Westminster MPs to accept, it is a vital part of the transformation from an unsuccessful opposition to a successful government. Lynne Neagle, 3 The Walk, Merthyr Tydfil CF47 8RN.

PAUL Flynn MP will no doubt have wept buckets over our humiliation in the South-east Staffordshire by-election, our crushing defeat in the local elections and the huge deficit by which New Labour trails the Tories in the polls. When he discusses The Road To The Manifesto with rank and file members, he will discover how much we welcome the opportunity to endorse the party's programme. He would understand the support the vast majority of members have for getting hundreds of thousands of young and unemployed people back to work, cutting NHS waiting lists and tackling crime. Cath Miles, 6 The Parade, Dudley, West Midlands DY1 3EQ.



Sick weather syndrome

DOCTORS are to be sued for the effects of an incorrect life expectancy forecast because a patient claims that living longer than the forecast has caused him mental anguish and loss of earnings. (Legal aid for cancer man angers doctors, July 1.)

Some doctors avoid this type of problem: they give prognoses in terms of probabilities. A patient who is told there is a 70 per cent probability of death within three months has no grounds for legal action after living longer than that time. Probabilistic prognoses have other advantages. They are consistent with the trend towards evidence-based medicine. Also, they allow doctors to be open not just about their opinions but about their uncertainty in their opinions.

After the 1987 storm, weather forecasters recognised that they could avoid blame for failure to predict a single event by giving probabilistic forecasts. The BMA may learn the same lesson and

recommend that all doctors provide patients with prognoses in probabilistic terms.

This should not cause difficulties: if people can understand the meaning of a 70 per cent chance of thunder in the London area tomorrow, they should be able to understand the meaning of a 70 per cent chance of their own death within three months. (Dr) Nigel Harvey, Reader in Experimental Psychology, University College London, Gower Street, London WC1E 6BT.

I WAS surprised at the complexity of diagnosing my own cancer. People must accept the possibility of error. No one should be given legal aid to embark on a process which will harass and undermine the confidence of people working to the best of their ability and making awesome decisions few of us would like to face. A J Evans, Cedarwood, Chester Place, Southsea, Hants PO5 2NS.

Care but not cash

YOU report that disabled people have won the right to continuing community care from their local authorities even if these councils cannot afford to provide them (Council's cuts in homecare services 'illegal', June 28). What now appears to be a Catch 22 situation for local authorities still leaves disabled people caught in the middle of a funding mess.

Community care was heralded as an initiative which would support individuals in their own homes according to need. Three years on the picture is one of national confusion. The level and availability of services depends on where a disabled person lives and the rate of charging alters from local authority to local authority.

While disabled people find it impossible to foot the bill for the community care system, local authorities may still raise charges to cover costs because of inadequate government funding. Scope, along with other voluntary organisations, is calling on the Government to end its policy of withholding 9 per cent of its grant to social services departments, which again forces local authorities to raise the money at a local level through charging.

The introduction of charging for services — that were previously provided free by the health service — has left many people worried about paying for services, such as help with bathing, getting dressed or going to the toilet. Scope's own research of 1,500 disabled people shows that 17 per cent have had to refuse a service because they could not afford to pay for it.

First-hand experiences of disabled people and their carers show that community care is in danger of failing to fulfil its original aim to improve quality, choice and efficiency. While we welcome this new ruling, disabled people remain at the sharp end of the system having to fight for services to live everyday lives. Richard Brewster, Chief Executive, Scope, 12 Park Crescent, London W1N 4EQ.

Letters to the Editor may be faxed on 0171 837 4530 or sent by post to 119 Farringdon Road, London EC1R 3ER, and by e-mail to letters@guardian.co.uk. Please include a full postal address and daytime telephone number, even in e-mailed letters. We regret we cannot acknowledge receipt of letters. We may edit them: shorter ones are more likely to appear.

Somme people

I WAS disappointed with your coverage of the anniversary of the Somme (July 1). Perhaps next year you may take a different path. How about what life is like on the Somme today? Where skeletons still rise from the muddy depths like mushrooms overnight, where the abundance of ordnance still claims its annual victims, and the demand for souvenirs has led to grave-robbing. Sean Joyce, CRT Multimedia, crt@rtm.demon.co.uk

DAVID Sharrock says that the Ulster forces lost "almost half the entire division... for the gain of a few hundred yards of Flanders". This seems unlikely since they were fighting in Picardy, many miles to the south. Paul Steeples, 38 Handforth Road, London SW9 0LP.

A Country Diary

CHILTERN: There is always a week in late spring or early summer when the atmosphere in my small larch of Chiltern woodland changes abruptly. It metamorphoses from a delicate, vernal grove, ringing with bird-song, into a lush, soundless, sometimes even oppressive, forest. Sometimes, it happens in mid-May — sometimes (as this year) at the beginning of July. It is obviously something to do with seasonal changes in the vegetation. But even after 15 years I still cannot totally understand what happens. The end of the bluebells certainly has a lot to do with it. They turn from shoals of midge, stretching into the middle distance, into something as insubstantial as flecks of ash. They are replaced by flowers which are just as colourful — purple-striped wood vetch in the paths, and splashes of campanula and ragged robin in the glades — but more fixed in space than bluebells ever are. The weather plays a part in

the transformation, too, and in some hot, humid spells I have seen steam rising off the beech leaves. But I think that what most contributes to the sudden change in aura is the final closing of the "green wall". Afterwards there seems to be an unbroken vertical mosaic of vegetation, from the ferns, nettles and goosegrass on the woodland floor up to the canopy. The green wall soaks up noise, cuts out the sky, warps one's sense of distance, turns leaf swirls into stirring animals. No wonder our forebears preferred (and probably evolved in) glades rather than deep forest. Almost any place where the green wall and canopy are broken can produce wonderful relieving spectacles. In at least three spots, immense dog-roses have kept pace with the regenerating trees and are now blooming 40 feet above ground — a vision which somehow combines rain-forest luxuriance and intimate English comforts. RICHARD MABEY

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Finance Guardian

Dollar soars as Fed is set to hold line on interest rates

Mark Tran in New York

THE dollar rose yesterday to its highest level since January 1995 as Wall Street counted on the Federal Reserve to keep interest rates unchanged at the two-day meeting of its open market committee.

Richard Berner, an economist at Mellon Bank in Pittsburgh, said the US central bank would wait until the committee next met in August before raising rates. But other analysts suggested the Fed would hold off until the summer even until after November's presidential election.

The Fed has maintained short-term rates at 5.25 per cent since January. Fed chairman Alan Greenspan is believed to be resisting pressure to raise rates. Some of his favourite economic indicators, such as surveys of supplier deliveries, are not showing the delays or bottlenecks that trigger higher prices. Mr Greenspan is also counting on the 1 per cent jump in long-term rates since the beginning of the year to slow the economy in the coming months.



Way back yet... Sakura Bank staff in Tokyo record the Japanese currency's fall below the key level of 110 to the dollar for the first time in nearly 30 months

Notebook

Expect Clarke to keep powder dry



Edited by Alex Brummer

AFTER the quarter point cut in base rates in June — which came out of a clear, blue sky — one should perhaps be prepared for anything when the Bank of England Governor, Eddie George, holds his monthly meeting with the Chancellor today.

Indeed, it could be argued that, with sterling soaring in the aftermath of the G7 summit, the authorities could reduce rates without damaging inflation prospects. In the most recent trading session, the pound reached a three-year high against the Japanese yen and firmed against the German mark, touching recent post-ERM peaks.

The strength of the dollar and pound against the traditionally-weak currencies appears to be a response to two factors. Firstly, relief that the failure of the G7 communiqué to repeat recent language on currencies does not appear to represent a policy change. In fact, the absence of central bankers at G7 heads of government summits always mitigates against substantive changes in the foreign exchange markets.

Secondly, there is confidence on both sides of the Atlantic that the expansions seen in the US and Britain are sustainable. Certainly, the Governor, who was lukewarm about the June rate cut, would not welcome a further shaving of base rates at this stage. He knows better than most that with the apparent return of the "feel-good" factor, temptations by the Chancellor and the weekend press, this is perhaps the most dangerous phase of the current cycle. This is the moment when an over-enthusiastic housing recovery, combined with an lift in manufacturing together with rising real incomes, causes the expansion to spin out of control. The broader money figures, closely watched by some in the Bank, have been on amber for some time.

Kenneth Clarke might view things somewhat differently. He knows he is in a fiscal fix because of the failure of the public finances to improve as speedily as hoped. Thus, the burden of any pre-election bounce in the economy will have to fall on easing monetary policy.

However, it probably makes good sense for him to keep a couple of base rate cuts in the back pocket, rather than squandering them too soon and provoking a rift with the Governor.

Last Friday, NatWest Securities raised concerns about British Energy's ability to cover its dividends with earnings, and warned clients to "ignore" the Government's higher valuations of the company's shares.

The NatWest note added: "The top end of the range — £1.25 billion — demonstrates that neither the Government nor its advisers have lost their sense of humour."

Mr Russell said that changing healthcare provision would open up new opportunities for the state.

"You can no longer rely on other people to take care of you, whether that is the state or anyone else."

"Boots The Chemists is already integral to healthcare but there is a whole host of ways to extend what we are doing."

He said Boots was keen to use its pharmacists to replace some general practitioner services, especially on repeat prescriptions or where non-prescription products could be sold.

Boots also hopes to sell more products to existing customers and to persuade people who currently "suffer in silence" to buy medicines.

Mr Russell cited toothbrushes — which the company wanted British people to buy as often as Germans did.

TOURIST RATES — BANK SELLS

Australia 1.975	France 7.750	Italy 2.338	Singapore 2.140
Austria 14.20	Germany 2.205	Netherlands 2.075	South Africa 6.54
Belgium 47.35	Greece 365.20	Norway 183.50	Spain 163.50
Canada 2.0725	Hong Kong 11.74	New Zealand 2.21	Sweden 10.19
Cyprus 0.700	India 54.28	Poland 2.170	Sri Lanka 205
Denmark 6.9150	Ireland 1.8445	Portugal 236.00	Turkey 121.640
Finland 7.1650	Israel 4.98	Saudi Arabia 5.80	USA 1.52

Supplied by NatWest Bank (excluding Indian rupee and Israeli sheqel)

Emergency inquiry by Commons select committee unveiled as transatlantic 'open skies' talks begin

MPs investigate BA link-up

Simon Beard
Industrial Editor

MPs are to make an emergency inquiry into British Airways' proposed tie-up with American Airlines as the two carriers prepare to contest a ruling of the Office of Fair Trading that they are trying to carve out a monopoly on transatlantic routes.

The investigation by the Commons transport select committee, led by former Transport Secretary Sir Paul Channon, is to be started next week and completed before Parliament goes into recess towards the end of the month.

The inquiry follows the Office of Fair Trading decision to examine the tie-up and news that two key directorates of the European Commission will today initiate a broad investigation into airline services across the Atlantic.

The move coincides with new efforts between London and Washington to negotiate an "open skies" agreement. At talks started in the US yesterday British officials were recommending the establishment of an independent tribunal to ensure that smaller

airlines do not get hit by any anti-competitive behaviour from the big carriers. MPs investigating the BA-AA alliance are expected to call for evidence from the two airlines and from Richard Branson's Virgin Atlantic — a staunch critic of the proposed deal. Delta will also give evidence and it is thought that Transport Secretary Sir George Young will be summoned for examination.

BA's chief executive, Robert Ayling, yesterday began to map out the two airlines' defence of the deal ahead of presenting formal evidence to the OFT, perhaps as early as this week.

He countered the claims of rivals, notably Virgin Atlantic, that the deal would be anti-competitive. Speaking at the annual convention of the British Chambers of Commerce, Mr Ayling said: "Does Britain want to be a major competitor in a global airline system or not? That is the major issue."

He insisted that the deal would encourage greater competition and could end in fares being reduced. Contrary to competitors' claims that by co-ordinating schedules and sharing revenues BA and American would end up with 50 per cent of the transatlantic market, he said that the

two airlines would together end up having a smaller share of an expanded and more competitive market.

The BA chief said that there was no fixed timetable for the regulatory investigations but stressed that the two airlines had set themselves the task of completing the alliance by April next year.

He said that although inquiries into the deal by British, US and European competition authorities were inevitably inter-linked with bilateral "open skies" talks in Washington.

The future shape of air transport policy between the two nations would be the appropriate context in which to judge the proposed tie-up between BA and American, he said. The key to the deal was to allow BA to compete for connecting traffic across the Atlantic, for instance luring German travellers to fly to the US via Heathrow rather than Frankfurt.

Water firm directors to clean-up

Rebecca Smithers
Geoffrey Gibbs
and Nicholas Barnister

THE water industry's attempt to rebuild its image is about to be shattered by Yorkshire Water's decision to boost directors' pay after a summer of shortages and legal action against the company for allegedly supplying water unfit for human consumption.

Executives of Yorkshire Water, strongly criticised for its handling of last year's water crisis, will tell shareholders today that they have recommended a "more competitive" pay package for themselves, including performance-related bonuses.

The recommendations — set out in the company's annual report — will infuriate customers who have suffered from serious water shortages while seeing the price of their water go up.

A review by the board of its remuneration committee concluded that Yorkshire's previous terms of pay were too low. Since the company had stopped granting equity share options "there was clear evidence and evidence that the absence of any additional performance-related element by way of bonus or long term incentive at the time with its sector and the market generally."

The committee said it planned new remuneration packages to take this into account.

The annual report shows that Sir Gordon Jones, who resigned as chairman in April, received salary and benefits worth £170,000, up from £163,000 the previous year. Managing director Trevor Newson, who also resigned, received a total

package of £56,000, up from £38,000 the previous year. Earlier this month the company announced record profits of £182 million for 1995-96 despite 47 million being spent on a round-the-clock tanker operation to bring water to a drought-hit West Yorkshire last summer.

Pete Bowler, of the consumer group Waterwatch, said there was no need to improve boardroom pay, since the group had had no difficulty in recruiting replacements for its top two executives despite the jobs being "a bit of a poisoned chalice".

Alan Jackson, Labour MP for Sheffield, Hillsborough, said: "The Ofwat report came out with lots of reasons for what went wrong last year and not one was related to the fact that the executives weren't paid enough."

The Department of the Environment is taking legal action against South West Water over the outbreak of sickness and diarrhoea that affected hundreds of consumers in South Devon last summer.

In only the second such prosecution since the water industry was privatised in 1989, the company has been ordered to appear before magistrates on a charge of supplying water unfit for human consumption. The prosecution follows an investigation by the Drinking Water Inspectorate into the outbreak of cryptosporidiosis that required thousands of consumers in Torbay, Teignbride and South Hams to boil their water during a four week period last August and September. Health officials said 576 people suffered from the infection.

The company, which yesterday refused to comment on the legal action, has paid out £1.5 million compensation to people inconvenienced by the "boil water" notices.

British Energy sell-off under threat

Ian King and Nicholas Barnister

A TOP City broker yesterday gave nuclear-generated British Energy a £1 billion price tag — which is well below the Government's valuation and could threaten the group's flotation.

Analysis at SBC Warburg says that caution over pool prices, the cost of surplus power not being sold directly to consumers, means British Energy should only be worth between £1 billion and £1.3 billion.

The figures are sharply at odds with estimates published for British Energy last month of between £1.25 billion and £1.96 billion. Some City experts believe the Government will halt the flotation if it cannot raise more than £1.2 billion for the company.

Warburg also warns that British Energy will not be able to meet the ambitious pay-out targets it has set itself and may have to cut its dividend within five years of coming to market.

In the note, which was sent to City institutions last night, Warburg forecasts that pool prices will fall by 12 per cent by 1999/2000 and will not increase after that.

However, Warburg points out that British Energy's prospectus projects that dividends will increase at a "progressive rate", so long as the dividend is covered in earnings, and that pool prices do not fall by more than 5 per

cent. It adds: "The margin for error appears far too low — and we believe that the dividend may need to be cut in 2000/01."

According to Warburg, British Energy's shares should provide a yield of 19 per cent, suggesting a value of around £1.2 billion for the company, which it says takes no account of a possible dividend cut, and which is still "not generous" compared with other utilities.

The note concludes: "Investors must carefully weigh up the merits of a high short-term yield valuation, which we believe may be based on an unsustainable high dividend, against much more pessimistic long term valuations."

Last night, a Warburg analyst said he doubted whether British Energy's earnings would be sufficient to cover its dividend pay-outs for at least the next 10 years, adding the outlook for pool prices was extremely cautious.

Warburg's note is the latest in a string of sceptical City commentaries on the outlook for British Energy's shares.

Last Friday, NatWest Securities raised concerns about British Energy's ability to cover its dividends with earnings, and warned clients to "ignore" the Government's higher valuations of the company's shares.

The NatWest note added: "The top end of the range — £1.25 billion — demonstrates that neither the Government nor its advisers have lost their sense of humour."

Cowboy bailiffs to be frozen out in attempt to repair image

COWBOY bailiffs will be frozen out of lucrative court and private business under new proposals to police the industry. A complaints panel and strict supervision of private bailiffs, partly in response to the criticism that engulfed the industry during the poll tax debacle. Among the association's aims are the introduction of standard procedures and the exclusion of rogue operators.

While only certificated bailiffs — those whose licence is renewed every two years by a county court judge — are entitled to distraint, without a court order goods in lieu of rent, anyone is entitled to describe themselves as a bailiff and apply for court and local

Sweeteners for borrowers unsustainable, says C&G

THE days of discount mortgages and cash-backs could be numbered after the UK's fourth largest lender, Cheltenham & Gloucester, said it was reducing its bargain offers.

Cash-backs of up to £6,000 and zero per cent loans have been available as lenders battled for survival in a stagnating property market.

But C&G chief executive Andrew Longhurst said it was clear that current levels of incentives were unsustainable. "Lenders cannot continue to offer cash gifts and incentives to new borrowers and expect existing borrowers to pay for them."

However, as the housing market recovers and the demand for mortgage finance increases, lenders are only too aware of the need to pay more acceptable interest rates to savers — and to increase incentives to existing borrowers.

C&G's new borrowers will only qualify for a 3 per cent cash gift or one-year mortgage discount if they have a 25 per cent deposit — 10 per cent as before.

Boots The Chemists writes own prescription for making money

Boots The Chemist plans to capitalise on privatisation of healthcare as part of an aggressive campaign to boost sales which includes more persuasive drug marketing and extension of the chain through new stores and new forms of community pharmacy.

The chain's new managing director, Steve Russell, said yesterday that it could build on its powerful image with customers by exploiting health concerns and the changing healthcare market.

"Boots The Chemists is a highly respected and trusted organisation but it lacks some of the excitement and relevance which customers look for," he said. "Consumers want pleasure and enjoyment — consumption that looks good and does you good."

Mr Russell said that changing healthcare provision would open up new opportunities for the state or anyone else.

Boots The Chemists is already integral to healthcare but there is a whole host of ways to extend what we are doing.

He said Boots was keen to use its pharmacists to replace some general practitioner services, especially on repeat prescriptions or where non-prescription products could be sold.

Boots also hopes to sell more products to existing customers and to persuade people who currently "suffer in silence" to buy medicines.

Mr Russell cited toothbrushes — which the company wanted British people to buy as often as Germans did.

Radical reshaping with 'greater growth potential' will cost 5,000 jobs worldwide

Shake-up at CS Holding jolts Swiss bank sector

John Glover in Milan

THE Swiss banking industry yesterday suffered another seismic jolt when CS Holding, the country's largest bank group, announced a radical shake-up at the cost of 5,000 jobs worldwide.

The group said it would reorganise itself into four separate business units under one executive board. These are to be organised under two banks, Credit Suisse for the retail segment and Credit Suisse First Boston for all investment banking and corporate lending outside Switzerland.

The renamed and reshaped Credit Suisse First Boston is designed to take on rival global groups like Deutsche Bank and will, according to CS Holding chairman, Rainer Gut, have its focal point in London.

CS Holding said it was responding to the banking industry's globalisation, with the new structure allowing for "greater growth potential, new efficiencies and reduced duplication" and turning it from a Swiss bank with international activities into an international financial institution with a Swiss HQ.

Of the 5,000 jobs going worldwide over the next two-to-three years, 3,500 will come from Switzerland and the rest elsewhere, but market

sources said the bank's London operations would be little affected, suggesting that New York would bear the brunt.

The group also created the powerful new post of group chief executive which is to be filled from January 1 by Lukas Muehleman, chief executive of insurance giant Swiss Re with which it is linked.

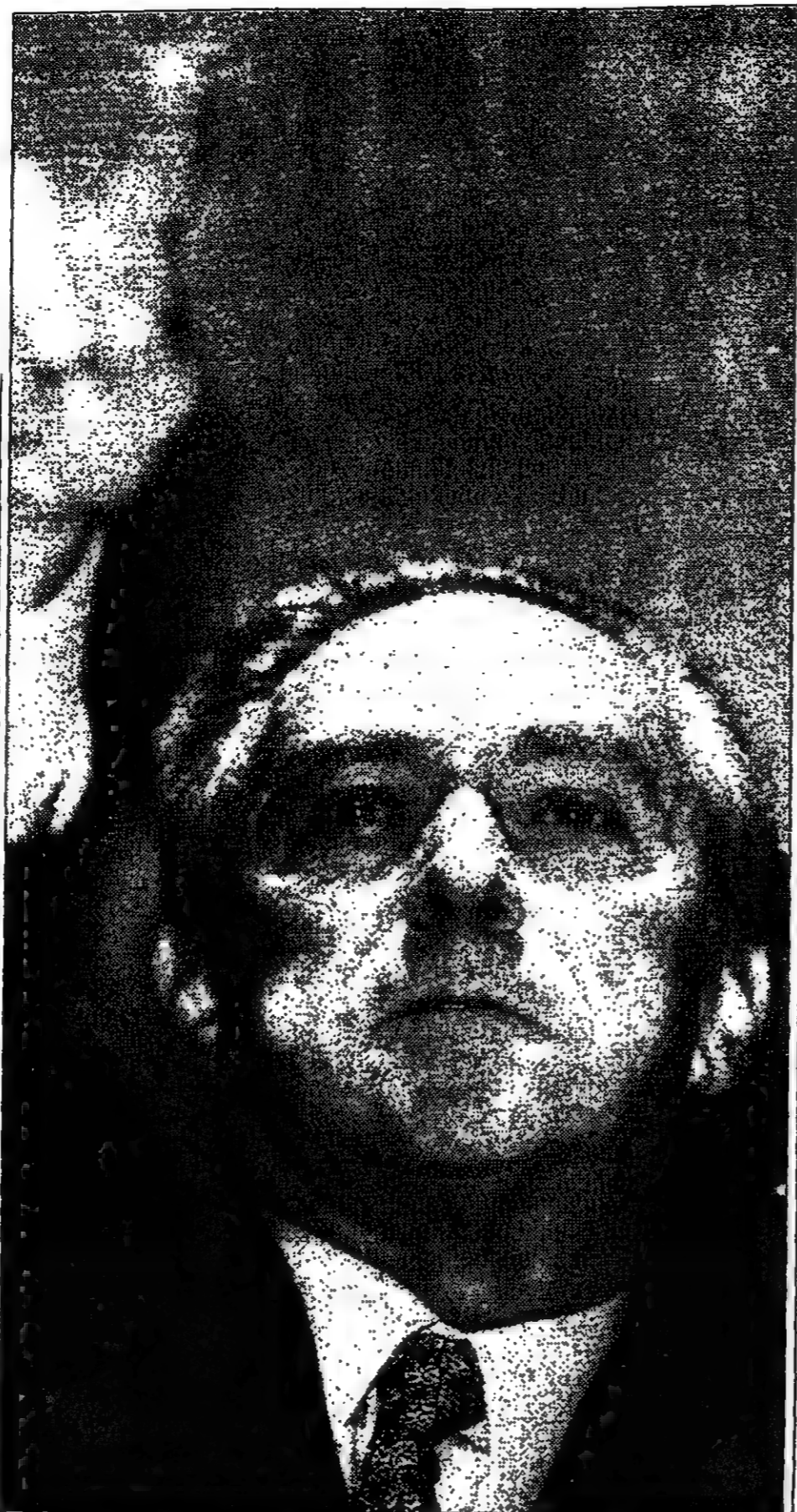
Some analysts yesterday speculated that it was the failure of the board to promote Josef Ackermann, the current president of Credit Suisse, to the new job that had prompted his resignation, also announced yesterday.

In a statement, the company said his departure was due to differing views. This led other observers to speculate that it was Mr Ackermann's identification with the group's previous strategy of having two brands in high street banking that had caused him to leave.

Under it, the Credit Suisse retail arm will cover Swiss domestic banking through Credit Suisse Volksbank and deal with super-wealthy individuals through Credit Suisse Private Banking. In the wholesale market, Credit Suisse First Boston will handle the huge institutional asset management business through the Credit Suisse Asset Management brand name.

CS Holding, which is to rename itself Credit Suisse Group, said that it would make a \$1 billion (\$315 million) provision this year to cover restructuring costs. However, it expects cost savings of around \$670 million a year once the new structure is in place.

Under it, the Credit Suisse retail arm will cover Swiss domestic banking through Credit Suisse Volksbank and deal with super-wealthy individuals through Credit Suisse Private Banking. In the wholesale market, Credit Suisse First Boston will handle the huge institutional asset management business through the Credit Suisse Asset Management brand name.



Pointing the way... CS Holding chairman Rainer Gut

Rejig will bring group into sharper focus

Mark Milner says new strategy has got dealers and shares hopping

LESS than three months ago Union Bank of Switzerland rejected the advances of CS Holding, parent of the Credit Suisse banking group, with a speed which was almost embarrassing. Faced with such a perfunctory dismissal of its merger move, CS Holding had little choice than to show it was capable of producing an alternative strategy — and quickly.

For two weeks Swiss share dealers have been bidding up the price of the group's shares in anticipation of a wide-ranging reorganisation package was on the way. They have not been disappointed. The shares got another kick yesterday after news of a new structure for the bank, a new boss and a planned payroll reduction that will see the loss of some 5,000 jobs over the next few years.

The departure of Josef Ackermann from his post as president of the Credit Suisse executive board will have raised few eyebrows. Mr Ackermann was once the heir apparent to CS Holding chairman Rainer Gut but some suggest his star has been on

the wane for more than a year. More intriguing is the arrival of Lukas Muehleman from Swiss Reinsurance. Mr Muehleman is said to be close to Mr Gut, who is also on the board at Swiss Re. More to the point perhaps is the performance of the Swiss Re share price since Mr Muehleman moved in two years ago and promptly sold half his shares.

Swiss Re shares have soared from around SF20 to around SF1270 since Mr Muehleman took over as chief executive, though at least some analysts are cautious about giving him all the credit. Mr Muehleman is likely to be hard pressed to realise

some of the expectations already being put in place as he tries to build a homogenous group from a diversified organisation that has been expanded by a string of 1990s acquisitions. A more realistic benchmark may be the group's Swiss rivals, which are also under pressure to improve returns.

Certainly, the reorganisation should give the group a sharper focus. Reorganising the group Credit Suisse, rather than the anonymous CS Holding, should help provide a clearer definition. There are risks, however. Putting the domestic banking arm of Credit Suisse into a single entity with those of

Swiss Volksbank will no doubt save costs, but it is by no means certain that customers of the two separate businesses will remain on board with Credit Suisse Volksbank. Rivals Swiss Bank Corporation and UBS are likely to try to exploit any opportunities that may occur.

It remains to be seen if the savings Credit Suisse is penning in from the restructuring will actually materialise. Yesterday's announcement is unlikely to be the final word. According to Matthew Czaplewicz, European banking analyst at Salomon Brothers: "I don't think this is the last of it. I don't think this is the optimal structure."

Small firms 'starved of support from Tecs'

Workforce/Labour hits at lack of help for managers, reports Celia Weston

SMALL businesses are lauded by the Government and Labour as the source of greater employment and increased competitiveness, but Training and Enterprise Councils (Tecs) are failing to give them the support they need, according to shadow small firms minister Barbara Roche.

Tec budgets are spent on management training for smaller firms, according to government figures released yesterday by Mrs Roche. The figures show large regional variations, too, with the Isle of Wight (11.79 per cent) reporting the highest percentage which could be spent on such training and Qualitec

in Merseyside (2.1 per cent) the lowest. "If small businesses are to succeed and help Britain become competitive again they need access to the highest quality management training possible," Mrs Roche said. "Yet these figures — which the minister admits are an overestimate — show that a tiny fraction of Tec budgets goes into vital training for small firms."

The point being made by Mrs Roche may be a party political one, but it reflects many of the concerns critics of Tecs have expressed about the employer-led organisations. This week the 31 Tecs of England and Wales hold their get-together in Birmingham, where policy will be debated and good practice exchanged. Fundamental problems, not least about the still piecemeal provision of training and business support, remain unresolved. And they are likely to become more acute in the run-up to an election.

Responsibility for economic development, for instance, will be a policy battleground as the Government and some Tecs favour mergers with Chambers of Commerce, giving Tecs a strategic role in local economies — and, they hope, in the one-stop shop Business Links. Labour, however, appears to favour structures bound to give local authorities the leading role.

As the Tec consultation paper going to Birmingham says, involving the business community "requires new forms of local Economic Development Partnerships... supplanting old-fashioned views of leadership and primacy for one player by the recognition of mutuality of benefit and equity of contribution from all". Conflicts between Tecs, the Government and Labour are also being signalled around future provision for the long-term jobless, particularly the Training for Work pro-

gramme. Tecs may — or may not, depending on which draft of the hastily-edited policy paper you read — unite behind an attack on the benefits system because it acts as "a disincentive to individuals to undertake training and rewards passivity". But the most fundamental question of all is whether the Tecs will deliver or whether they are only playing the game.

There were high hopes for a revolution when the Tecs were launched with the task, in the words of the founding prospectus, to "foster economic growth and contribute to the regeneration of the community by strengthening the skill base and assisting local enterprise to expand and compete effectively". Unfortunately Government-imposed policy priorities and financial structures have forced Tecs to concentrate on training the young and the long-term jobless on ever-shrinking budgets, now around £1.2 billion — down from £3 billion in their first year.

The introduction of rolling three-year budget programmes and marginally increased operating discretion are reforms which go some way towards releasing Tecs from the 12-month myopia of the Treasury spending round. So far 64 Tecs have secured three-year operating licences and the expectation is that all will have done so by April next year — perhaps just in time for the election.

Digital set to wield axe, too

Computer firm to 'restructure'. MARK TRAN in New York reports

BITISH workers employed by America's third largest computer firm, Digital Equipment, were last night braced for a new wave of job cuts after the group announced plans to axe 7,000 jobs worldwide.

The company unveiled the redundancy plans as part of a \$475 million (\$215 million) restructuring plan. This will bring its global workforce spread throughout 100 countries, down to about 54,000 from a peak of 120,000 in 1991.

Rickard Jones, managing director of Digital Electronics in the UK said last night that most of the job cuts would be elsewhere within Europe. In all, the UK operation employs about 6,000 people. Of these, 2,000 work at two main manufacturing sites in Scotland — one in Ayr, which was opened 20 years ago, the other at Irvine, South Ayrshire, where Digital makes personal computers. A further 4,000 people are employed at offices around Britain, principally in London, Reading, Leeds and Warrington.

Digital said that the cuts would be "distributed fairly evenly" between Europe and the US, although company chairman Robert Palmer provided no precise figures. "This additional restructuring enables the company to move to the next level of efficiency and lower cost structure necessary to attain competitive financial performance," Mr Palmer said in a statement.

Wall Street had expected Digital to report a profit for the quarter which ended June 29, but the company warned that profits would fall "well below" expectations because of excess inventories, price cuts and slumping sales in Europe. Mr Palmer said that Digital was caught off-guard by the slowdown in Europe. Sales in the region came in at \$150 million below target, but Mr Palmer said that Europe was beginning to recover.

"The UK is starting to see some recovery and we're optimistic that business will strengthen there," he said — adding that Digital will beef up its direct sales force instead of relying so much on sales partners. Yesterday's restructuring plan followed the abrupt resignation of Enrico Pesatori, head of Digital's computer systems division, as their parent to Mr Palmer. Mr Pesatori's duties — running Digital's midrange and personal computer business — will be taken over temporarily by Mr Palmer.

Digital was already experiencing problems with its PC business which saw a 10 per cent decline in revenue in the first three months of this year compared with the comparable quarter in 1995. "This is clearly a disaster," said analyst David Wu. He said Digital's previous restructurings and partnerships with Microsoft, Oracle and Computer Associates should have put the company on track.

Digital, based near Boston, lost \$5 billion during the early 1990s as it made the transition from mini-computers to personal computers.

US Names 'could kill Lloyd's deal'

Pauline Spraggott

LLOYD'S of London has publicly admitted that problems with US financial regulators could derail its \$3.1 billion offer to settle disputes with the insurance market's loss-making investor Names.

A Lloyd's spokesman said yesterday that the market's chief executive, Ron Sandler, had told a meeting earlier this week that "there was a remote possibility that the activities of the Americans could derail R&R".

R&R is the proposed \$3.1 billion rescue deal which the market hopes to finalise by the end of the summer. The deal is facing stiff opposition from US regulators who argue that American Names were dealt with fraudulently by Lloyd's when they joined the British insurance market.

In an attempt to iron out the difficulties, a delegation of US regulators has this week held intensive talks at Lloyd's. The regulators are believed to be particularly uneasy over Lloyd's proposal to ask Names to reinsure their 1992 and earlier liabilities into a separate insurance company, Equitas. They are apparently concerned that Equitas might contravene US securities laws.

The spokesman said that, to defuse the row, Lloyd's might re-insure not into Equitas but into something similar which would meet with the approval of the US regulators.

Meanwhile, Lloyd's was yesterday criticised by respected market analyst Chatter over its plans to give a \$400 million payout to Names who were underwriting in 1993 on top of the expected £1 billion profit for that year.

Chatter director Charles Surge said the \$400 million actually belonged to Names who underwrote in earlier years — thousands of whom had stopped underwriting by 1993. That payout, said Mr Surge, would be the sum of money which Lloyd's estimates has been over-reserved for Equitas.

"Is this largesse fair, necessary and prudent? We think not. It is not fair because the surplus of reserves is mine and it belongs to the 1992 and prior Names," said Mr Surge.

A Lloyd's spokesman, who said the Chatter figures were roughly correct, said: "On his face to agree that R&R does contain a degree of rough justice." Lloyd's reports its results three years in arrears and its 1993 figures are due next week.

News in brief

British Gas set for price review clash

BRITISH Gas is heading for a Monopolies Commission showdown with Clare Spottiswoode, director general of Ofgas, over her plans to cut consumer bills through new price controls for the gas supply business. The group's official response to the proposals, published yesterday, shows that it has failed to persuade Ms Spottiswoode to water down her proposals despite more than four weeks of talks. It has rejected most of Ofgas's main proposals, claiming many are based on inadequate research or calculations and that they would result in an unacceptable squeeze on profits. Philip Rogerson, BG's deputy chairman, said there were a number of Ofgas proposals which British Gas Trading (BGT), the group's supply arm, could support, but many others continued to give "serious cause for concern". — Nicholas Bannister

Orange doubles numbers

ORANGE, the digital mobile phone group which went public in March this year, continued to expand its subscriber base during the second quarter of 1996, adding 85,000 new customers. The group had 573,000 customers by the end of the quarter, almost double the level a year ago. It has managed to maintain revenue per customer at an annual rate of about £45. Industry analysts estimate the number of cellular phone users in the Asia Pacific region will outstrip those in Europe by the end of the year. At present there are about 22.9 million in Europe and 22 million in Asia Pacific. — Nicholas Bannister

BTR raises £9m more

BTR raises a further £9 million yesterday by selling its Kee Klamp Group. The industrial holdings group, which plans to sell 30 per cent of its operations, has raised £480 million from sales this year. Kee Klamp, a distribution unit, with subsidiaries spanning the UK, North America and Germany, will be sold to its management, currently based in Reading. — Reuter

Tour firm strengthens grip

THOMAS Cook yesterday announced the purchase of Sunworld, Britain's fifth biggest short-haul tour operator, from Grupo Viajes Iberia for an undisclosed sum believed to be about £38 million. The deal, which includes the Oasis Park Hotel in Minorca, lifts Thomas Cook's share of the overseas holiday market, from 18 per cent to 18 per cent. — Ian King

Homes market 'near normal'

BERKELEY Group, house-builder and property developer, reported that the UK housing market was returning to normality. Announcing a 15 per cent rise in profits to £43.4 million for 1996, Graham Roper, the chairman, said: "The housing market is out of recession and into a much more normal market." — Tony May

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ATHLETICS: HEAD-TO-HEADS MAKE FOR OLYMPIC DRESS REHEARSAL



Linford Christie v Frankie Fredericks THE pupil has been upstaging the master this year. Having spent the winter in Australia training with Christie, Fredericks returned to Europe first to break the Briton's world indoor 200 metres record. Then, in Helsinki last week, the Namibian ran 9.87sec for 100 metres, making him equal third-fastest ever with Christie. Christie is the slowest man this season in tonight's 100m final, but Fredericks said: "If I can run 9.87 think what Linford can do."



Michael Johnson v Roger Black JOHNSON versus the clock is more appropriate. But Black and Iwan Thomas, his young British team-mate, are the best two 400 metre runners outside the United States and could push the American into breaking Butch Reynolds's world record of 43.28sec. Du'aine Ladoja, the third member of Britain's Olympic team, claims he can win in Atlanta, but as Black said: "To talk about beating Michael Johnson is totally unrealistic."



Sally Gunnell v Kim Batten GUNNELL's words came back to haunt her in Gothenburg last year when she described the field for the world championship 400-metre hurdles final as "naff". So she was amazed as she watched, from the BBC commentary booth, Batten break her world record with a time of 52.61sec. "I've got to get in there in a real pressure race before the Olympics," admitted Gunnell. "I'm feeling good but it could be tough."

Gunnell steps up for a test of mettle

Duncan Mackay in Lausanne on a stellar field hoping to reach fruition for Atlanta

THE most important meeting before the Atlanta takes place in the city of the Olympic headquarters here tonight. A budget of \$2 million (£1.3 million) - making it the second richest behind Zurich on the European circuit - will witness a head-to-head that will preview what could happen in the United States this month. One of the most fascinating clashes pits Sally Gunnell against all three medalists

establishing a new mark of 52.61sec. Gunnell, though, said she was more worried about racing Tonja Buford-Bailey, the world silver medalist, who tops this year's world rankings with the 53.25sec she ran in Paris last Friday. Batten missed the early part of the season after twisting her ankle while filming a commercial and has struggled for consistency, though she did beat Buford-Bailey in the US Olympic trials. Gunnell, whose best this year is 54.65sec, maintained: "I always said I thought Tonja was the one to watch this year. After coming second she would have learnt something."

Michael Johnson, the new world-record holder at 200m, said after his performance at the Olympic trials in Atlanta that he felt he could do the same in the 400m, a distance in which he is unbeaten for 53 races. He is up against Briton's Roger Black and Iwan Thomas, but his main opposition is likely to be the clock and Butch Reynolds's eight-year-old record of 43.28sec. Johnson, who with his chopping stride broke Pietro Mennea's 17-year-old 200m record when he ran 18.65sec, will earn a fortune if he breaks Reynolds's record. The organisers will fork out around \$50,000 (\$20,000 and a one-kilogram gold bar worth

Haggas rules Shaamit out of the Eclipse

WILLIE HAGGAS has decided against running Shaamit in Saturday's Coral Eclipse at Sandown despite what he called a "satisfactory" workout when the colt was galloped by Pat Ebdary yesterday. This decision is hardly a surprise. There is no point in rushing the Derby winner after his recent set-back and the King George VI and Queen Elizabeth Diamond Stakes on July 27 now becomes the logical objective. His defection means Fentire has been tightened from 5-2 to 9-4 Eclipse favourite with the sponsors, who then bet 100-30 Haggas, 5-1 Valiant, 6-1 Signa, 7-1 Bijou d'Inde and Charmwood Forest, 10-1 Definite Article and 25-1 Beauchamp King. Bijou d'Inde and Beauchamp King, the three-year-olds, will supply the comparison from links between the 1996 Classic crop and last year's. As the Epsom Derby form begins to look moderate, it's the least, some people are pressing the panic buttons and Geoffrey Gibbs, the British Horseracing Board's senior handicapper, is even suggesting that a new date later in the season should be found for the race. He believes that later ma-

Catterick with form

- 2.30 Epsom Handicap 2.30 Stakes 2.30 Maiden 2.30 Novice 2.30 Hurdle 2.30 Chase 2.30 Steeplechase 2.30 Flat Race 2.30 National Hunt Race 2.30 Other Races

Folkestone

- 2.30 Epsom Handicap 2.30 Stakes 2.30 Maiden 2.30 Novice 2.30 Hurdle 2.30 Chase 2.30 Steeplechase 2.30 Flat Race 2.30 National Hunt Race 2.30 Other Races

Epsom tonight

- 2.30 Epsom Handicap 2.30 Stakes 2.30 Maiden 2.30 Novice 2.30 Hurdle 2.30 Chase 2.30 Steeplechase 2.30 Flat Race 2.30 National Hunt Race 2.30 Other Races

Yarmouth tonight

- 2.30 Epsom Handicap 2.30 Stakes 2.30 Maiden 2.30 Novice 2.30 Hurdle 2.30 Chase 2.30 Steeplechase 2.30 Flat Race 2.30 National Hunt Race 2.30 Other Races

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Lausanne stages Olympic rehearsal, page 13
Hoddle woos coaching guru, page 14

Majestic Sampras marches on, page 15
Boardman's team-mate in yellow, page 15

SportsGuardian

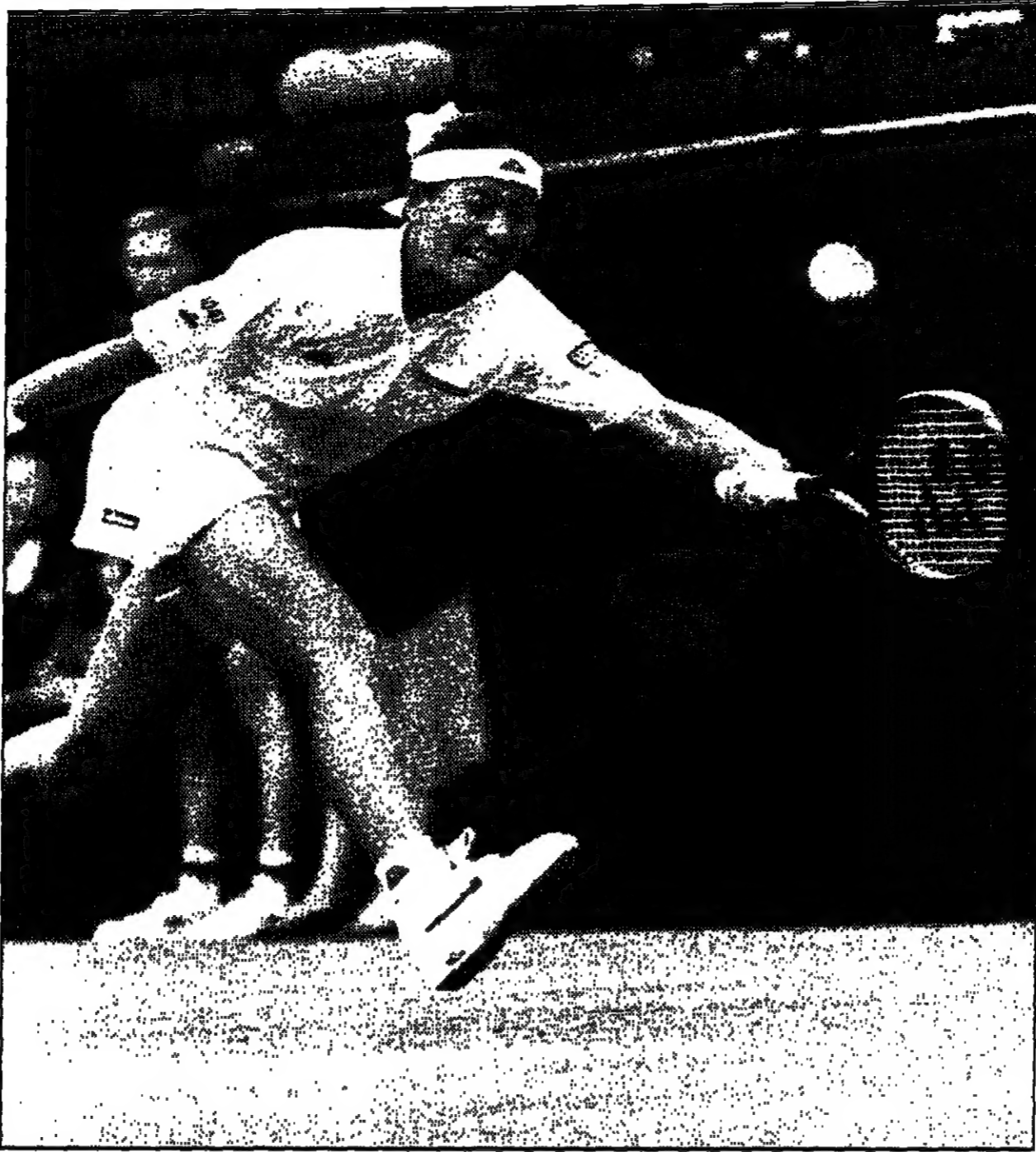
WIMBLEDON: CHAMPION ON COURSE FOR REPEAT FINAL WITH SANCHEZ VICARIO

Graf earns date with Japanese giantkiller

Stephen Bierley
on an intriguing clash of styles in prospect for the semi-finals

An overwhelming force of seemingly unstoppable power is driving Steffi Graf towards her seventh Wimbledon title. In her quarter-final against Jana Novotna yesterday it seemed as if a mighty wind blew behind every one of the German's shots.

The Czech has wonderful talent and touch, with a felicitous ability to stalk the net and pounce. Graf knew this well enough and gave her scarcely a chance to move forward. The German's returns were of such quality and depth that Novotna was time and again left stranded on the baseline. In tomorrow's semi-finals Graf will meet Kimiko Date, one of only two women to have beaten her this year, the other being Martina Hingis. The defeat by Date came in Tokyo, during the Fed Cup, and reverberated around the tennis world. Graf lost 12-10 in the third set, having won all her previous six meetings with the Japanese player.



Tooth rush... Date shows 'impet-like determination' to reach her third Grand Slam semi-final PHOTOGRAPH BY TOM JENKINS

A tight and complex contest had been expected again yesterday but as hard as Novotna tried she could never get into the match, such was Graf's implacable power and determination. Novotna searched with increasing desperation to build a rhythm, to do something that might hurt the reigning Wimbledon champion. But it was never to be.

This will be the 25-year-old Date's third Grand Slam semi-final and her first on grass. The only other Japanese to reach this stage here was Chiro Satoh in 1933 in the men's singles. Superficially, Date appears totally innocuous with a service action that would reduce most coaches to quiet despair. Yet her tenacity is second to none and she manages to keep

her flat ground strokes especially low. The more power her opponent generates the better Date likes it; Pierce's weight of shot can be remarkable but there is little or no flexibility

to her game. By comparison, her concentration span would make a leech of a butterfly. For the first set her game held together; in this form it was possible to believe she really did win the Australian

Open last year. Thereafter it seemed a tale somebody had made up in Melbourne and fed to a gullible world. Date, who won eventually 3-6, 6-3, 6-1 is reminiscent of Inspector Clouseau's servant Kato, who springs from unlikely hiding places when least expected. It was possible to imagine Pierce shouting "not now, Date" as the Japanese, barely visible over the net, jumped on a service or return and smacked it back with interest.

"She doesn't make many mistakes but does nothing special," said Pierce, which many would feel is an apt description of Arantxa Sanchez Vicario. Yet it appears increasingly likely the Spaniard will play Graf in the final, a repeat of last year, when the German won an absorbing match 4-6, 6-1, 7-5. Judith Wiesner, playing her first Grand Slam quarter-final, made a wonderful start,

taking a 4-3 lead against Sanchez Vicario in the first set with an array of deep ground shots and, on occasions, sharp volleys. As ever Sanchez Vicario, the No. 4 seed, scrambled and chased with increasing energy and the drip, drip, drip of pressure began to erode the Austrian's confidence. She was to lose the next 10 games, Sanchez Vicario winning 6-4, 6-0.

In the semi-finals she will meet Meredith McGrath, who, like Wiesner, was playing in her first Grand Slam quarter-final. Mary Joe Fernandez, the No. 9 seed, ricked her back in practice during the morning and McGrath, who won the Edgbaston tournament this year, ran out a comfortable 6-3, 6-1 winner. McGrath has met Sanchez Vicario only twice before, losing both times. Today, of course, all eyes will be on Tim Henman.

Sport for all but cash for the clever few



Vincent Hanna

I HAD supper with Quentin last night. He is a mandarin in Whitehall who pulls the strings of the mighty. I had asked for help with the Old Ozymandians cricket club, which is in bad shape. He said he could.

Quentin has been busy lately sorting out Northern Ireland and briefing Tony Blair's team. "How," I asked, "do you cope with the constant threat of violence?"

"One gets used to it," he said, "and Northern Ireland wasn't too bad either."

Old Ozymandians is typical of thousands of tiny sports clubs around the country in finding it hard to make ends meet. "What do you want the money for?" asked Quentin.

"We'd like a shed for the roller, a new urnal and an extension to the pavilion to build a bar."

"What's the pavilion like now?" he asked. "Like a urinal with a roller in it," I said.

"I have good news and bad news," said Quentin. "You can apply for lottery money."

"That's the good news. The bad news is that you are unlikely to get any, and even if you did it would cost you money."

He explained that an extension to our pavilion would increase the rateable value of our premises and therefore our rates. "That's bad," I said.

"It might be good," said Quentin. "Under Section 47 of the 1988 Act, local authorities may grant relief up to 100 per cent to non-profit-making bodies. Are your facilities made available to all sections of the community?"

"The club excludes women, Jews and hairdressers."

"Why hairdressers?" asked Quentin.

"That was a joke," I said; funny how it always works with certain Establishment types. "So we're all right then?"

"Not necessarily," he said. "It's a discretionary power. The local council can recover 75 per cent of the money from the Government. But some can't or won't fork up for 'elitist' clubs, especially in the urban areas. It's all in a CCFR survey." He showed me.

Councils in Tyne and Wear help 73 clubs, the West Midlands 139. But Lincolnshire gave exemption to 338, and

even Norfolk managed 186. "Does this mean that affluent areas tend to help more?"

"Of course," said Quentin. "Did not John Major himself say, 'I asked, 'that local sports clubs have vital roles to play in the sporting development of young people'?"

"Yes he did, and so they have."

"Then why can't they have some public money?" I asked. Quentin looked puzzled.

"I'm sorry, I don't follow that."

Then he perked up: "I'll tell you what, why not apply for charitable status? You get 80 per cent relief from rates, and massive tax savings too."

NOW North Tawton Rugby Club are taking the Charity Commissioners to court for turning down just such an application.

The case is backed by the RFU and might stand a chance, given the state of a law that can make Oxford Skating Rink a charity but turns down Birchfield Harriers, which classifies multi-sports clubs as charitable but not a single sport club.

"That's good," I said. "No, that's bad," said Quentin. "If North Tawton wins it will cost the Treasury millions, and we simply cannot permit that sort of thing."

I began to feel that combination of impotent rage and inadequacy that Quentin instils in ministers. "You are supposed to know all the smart answers," I whinged. "You said you could help."

"I do and I can," he purred. "I have two suggestions. Firstly, I take it that the Old Ozymandians club is in Scotland?"

"You know perfectly well it is in Kent."

He waved airily. "A technical detail. For the purposes of this idea, it is in Scotland."

He leaned forward: "The Local Government (etc) (Scotland) Act 1994, takes hunting estates off the valuation roll. Invite a few friends to the club to shoot pheasants, and say you're in Perthshire."

"I was firm. 'Sorry Quentin, I am opposed to all blood sports except politics. Have you anything else?'"

"Certainly," he beamed. "I suggest you buy half-a-dozen sheep, graze them on the pitch, and have the pavilion re-classified as an agricultural hereditament within the meaning of Schedule 5 of the Local Government Finance Act 1988. You'd pay no rates."

"Will it work?" I asked. "It did for me," he said. "The Old Ozymandians are forever in your debt," I said. "Look on my works and despair," said Quentin.



Meet Vanessa.

Vanessa's just insured the contents of her home for £10.20 a month.

She did it by calling DIRECT

Vanessa's just bought her first home. When she realised that she needed contents insurance, she rang Midland and got some good advice about the level of cover that was right for her. We also gave her an extremely competitive quote, which must have sounded good to Vanessa, because she accepted it. If you've got a house that needs insuring, why not call us now on 0800 277 377 for a free quotation? And remember a copy of the policy document, giving full details of cover, is available on request.



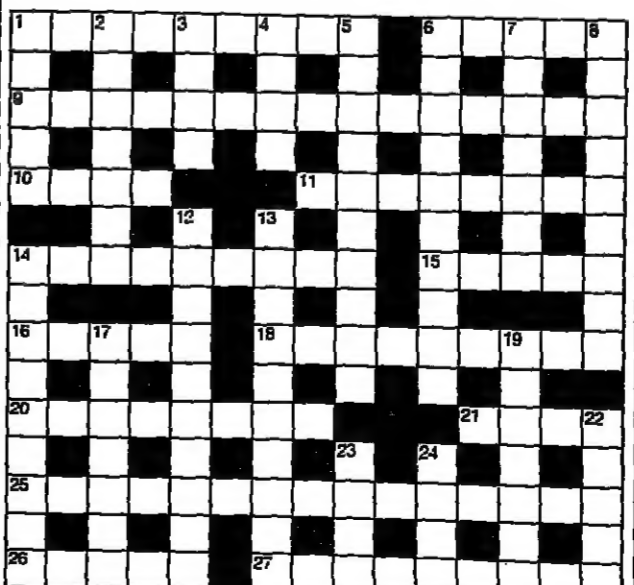
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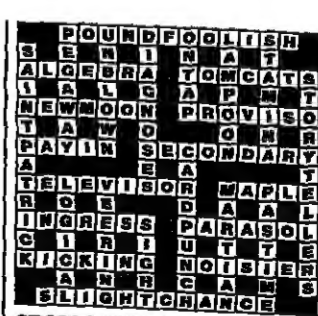
Branson's empire also takes in hotels, holidays, airships, balloons, a model agency and a stake in the Channel Tunnel railway, Eurostar. It spreads like an exploding star, but like astrophysics, everything isn't all as it seems. Inside Story G2 page 12

Guardian Crossword No 20,695

Set by Araucaria



- Across**
- 1 Line up for sport I have with a curl that's warty (9)
 - 6 Appearance to turn into obligation (5)
 - 9 Draw Ireland and go round in 7 for a scorcher with lots of spectators (8,7)
 - 10,21 Dishonesty followed by the honest is ready to be read (4,4)
 - 11 It's outside the pale to quench a thirst for ballet (4,4)
 - 14 Fruit drink takes in one quiet man in the suburbs, perhaps (9)
 - 15 Area for propaganda (5)
 - 16 Some fireworks in the proper month (5)
 - 18 Prisoner of the French in support of ancient court (9)
 - 20 Little boy with never an ancient court (8)
- Down**
- 21 See 10
 - 25 Final offer - umbrella problem on British morning? (4,2,2,5,2)
 - 26 Capped person to demand payment from church (5)
 - 27 Church to nagate the left-wing soul of France (5,4)
- Down**
- 1 Rich on a pound? No chance! (5)
 - 2 River comes in close after Christmas (3,4)
 - 3 A writer to draw a country (8)
 - 5 A lawyer in a thousand arranged for workers on line (10)
 - 6 Clarity is customary in a clue (10)
 - 7 Pub lawyers first with 3 4 (7)
 - 8 Sports car, perhaps, or we state otherwise (9)



- CROSSWORD SOLUTION 20,694**
- 12 A pupil (one with two heads) broke the ice (10)
 - 13 Nominal heart of 12, ground to 18 part 2 (10)
 - 14 Sort of five, a breeding-ground for journalists? (5-4)
 - 17 Little boy holding stretcher is a plant (7)
 - 19 Bath time? Time flies (7)
 - 22 In solution it remains salt-petre (5)
 - 23,24 The uninteresting people of Derby? (4,4)

Solution tomorrow
23 Search? Then call our solutions line on 0891 338 238. Calls cost 30p per min, cheap rate, 48p per min at all other times. Service supplied by AT5

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